
ANNUAL REPORT
& FINANCIAL
STATEMENTS

2026

LITIGATION CAPITAL MANAGEMENT LIMITED

2026 ANNUAL REPORT

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Strategic and Financial Review

Introduction

FY26 was a year of significant losses for LCM. The Group recorded a net loss after tax of A\$165.7 million (FY25: net loss of A\$72.9 million) and reports negative net assets of A\$53.6 million at 30 June 2026. The Strategic Review launched during the year did not result in a transaction. The Board has since agreed a long-term amendment to the Group's debt facility with Northleaf, and LCM has moved into run-off: the existing portfolio of case investments will be managed to conclusion, no new investments will be made, and cash realised from the portfolio will be applied to repayment of the facility.

Under the amended terms of the facility, described below, the amount owed to Northleaf will continue to accrue over the remaining life of the portfolio and must be repaid in full before any value can be returned to shareholders.

This Strategic and Financial Review sets out the results for the year to 30 June 2026 and the terms of the amended facility. The tables in this review present LCM's own position. They exclude the assets, liabilities and results of the third-party funds that are consolidated in the statutory financial statements.

Results for the year

P&L (A\$m) – LCM only	FY26	FY25
Concluded investments – proceeds on LCM capital	1.1	36.5
Concluded investments – performance fees on third-party capital	(27.0)	13.2
Concluded investments – LCM capital invested (cost)	(38.0)	(27.5)
Net realised (loss) / gain from concluded investments	(63.9)	22.2
Litigation service revenue / (loss)	(34.1)	(5.5)
Net fair value movement	(54.1)	(100.1)
Other income	0.0	1.4
Total (loss) / income	(152.1)	(82.0)
Operating expenses	(11.0)	(18.0)
FX gains	2.0	5.6
Operating loss	(161.1)	(94.4)
Finance costs	(12.5)	(7.3)
Loss before tax	(173.6)	(101.7)
Tax	7.9	28.8
Net loss	(165.7)	(72.9)

The losses reported for FY26 are driven by investment performance, which has deteriorated sharply over the past two years. In FY26 that deterioration was compounded by concentration: a large amount of invested capital had been committed to a small number of cases, which were ultimately unsuccessful. eight investments concluded during the year, of which seven were losses and one was a win. A further two cases were lost at first instance during the year and are under appeal. These remain in the portfolio and have been written down to 50% of cost; that write-down is included in the net fair value movement.

The following additional items contributed to the loss. LCM incurred A\$12.9 million of uninsured adverse costs on the Queensland Electricity class action in Australia. Related, a provision of A\$4.2 million has been established for the adverse costs on cases that have lost where the level of ATE insurance is deemed insufficient to cover the potential exposure. In addition, a provision of A\$20.4 million has been recognised for the clawback of performance fees previously received from Fund 1. A clawback is now likely, given the performance of the Fund's investments.

The Board responded to the deterioration in performance by substantially reducing the cost base, with operating expenses falling to A\$11.0 million in FY26 from A\$18.0 million in FY25, and by launching a Strategic Review to test whether value could be realised for shareholders. The Strategic Review did not result in a transaction and so LCM moves into run-off and further cost reductions will be implemented.

Strategic and Financial Review (continued)

Balance sheet

Balance sheet (A\$m) – LCM only	FY26	FY25
Cash	2.1	8.9
Restricted cash	2.2	-
Receivables	21.2	30.6
Investments at fair value	62.2	124.8
Investments at cost	18.1	48.0
Other assets	1.5	1.7
Total assets	107.3	214.0
Borrowings	(125.5)	(77.7)
Deferred tax liability	(7.4)	(15.3)
Other creditors	(28.0)	(6.6)
Total liabilities	(160.9)	(99.6)
Net (liabilities) / assets	(53.6)	114.4

At 30 June 2026 LCM had 37 ongoing case investments (FY25: 53). Four of these (FY25: three) have been lost at first instance and are under appeal. Total commitments across the ongoing portfolio were A\$224 million (FY25: A\$269 million) and invested capital was A\$122 million (FY25: A\$153 million), of which A\$66 million (FY25: A\$44 million) relates to the cases under appeal.

The FY26 losses have left LCM with net liabilities of A\$53.6 million (FY25: net assets of A\$114.4 million). The balance sheet includes A\$33 million of investment value in respect of the cases lost at first instance and under appeal. If those appeals are ultimately unsuccessful then those amounts will also need to be written off.

Net debt rose to A\$123.4 million (FY25: A\$68.9 million). Cash received from concluded investments was minimal during the year, while LCM continued to fund its ongoing cases and operating expenses. Those outflows were financed by drawings under the facility, as the cash flow table below shows.

Cash flow

Cash flow (A\$m) – LCM only	FY26	FY25
Opening cash balance	8.9	53.0
Cash generated from concluded investments	2.4	33.6
Cash invested into ongoing cases (case funding)	(37.7)	(59.8)
Operating expenses	(11.1)	(16.0)
Net finance costs paid	(3.5)	(6.5)
Dividend and share buyback	0.0	(8.0)
Debt drawdowns	43.1	12.2
Other	0.0	0.4
Closing cash balance	2.1	8.9
Net debt	123.4	68.9

Events after the reporting period

Northleaf continued to waive the requirement to test the financial covenants in the facility since the reporting date. The waiver in place at 30 June 2026 was extended to 31 July 2026, then subsequently to 31 August 2026 and subsequently again to 30 September 2026. Each extension was on substantially the same terms as the original waiver: the interest margin was increased by 2.00% per annum during the waiver period. LCM has not been required to test and comply with its financial covenants at any point during the relevant period, as each waiver was in place before the previous one expired.

On 30 September 2026 LCM entered into an agreement which, subject to the satisfaction of certain conditions precedent which are substantially progressed, implements a long-term amendment to its debt facility with funds managed by Northleaf Capital Partners. The purpose of the amendment is to facilitate an orderly run-off of the remaining portfolio. The principal changes to the commercial terms of the debt facility are:

- The facility is increased from US\$100 million to US\$125 million and the term is extended to 31 December 2030.
- The interest margin is increased from SONIA plus 525 basis points on the original facility (which had been increased by a further 200 basis points due to the covenant waivers) to SONIA plus 1000 basis points. Interest is capitalised and added to the outstanding principal amount of the debt (paid in kind) rather than paid in cash for the remaining life of the facility.

Strategic and Financial Review (continued)

- The amount repayable is the higher of (i) the outstanding principal plus capitalised interest and (ii) two times the principal drawn under the facility.
- If the facility is repaid in full while case investments remain outstanding, Northleaf is entitled to 25% of the gross cash proceeds of those remaining investments, including any performance fees received from the funds.
- The facility is limited recourse to the case portfolio.

The following governance changes are being implemented alongside the commercial changes:

- Two new directors, nominated by Northleaf and fully supported by the LCM Board, are to be appointed as independent directors of LCM Group Holdings Pty Ltd, the subsidiary through which the Group's investments are held and its operations conducted and to some or all of such company's wholly-owned subsidiaries.

The agreement on the terms of a long-term amendment with Northleaf to the debt facility marks the end of the Strategic Review, which was launched during the financial year. The board has formally concluded the review process with no resulting transaction, and has agreed on terms of an increased Northleaf facility. LCM now moves into an orderly run-off: the existing portfolio of case investments will be managed to conclusion in accordance with a business plan approved and supported by as per the Northleaf agreement and is not presently contemplated (or permitted under the terms of the agreement with Northleaf) that any new investments will be made.

Going concern – material uncertainty

The financial statements have been prepared on a going concern basis, which contemplates the continuation of the Group's operations and the orderly management and realisation of its investment portfolio.

On 30 September 2026, after the reporting date, the Group entered into a Second Amendment Agreement, which, subject to satisfaction of certain conditions precedent which are substantially progressed, will effect amendments to its senior secured borrowing arrangements with lender funds managed by Northleaf Capital Partners, under which funding is provided through Facility B of the Amended and Restated Senior Term Facility Agreement.

The amendment will, once taking effect, increase the facility limit from US\$100 million to US\$125 million, replace the previous financial covenants with covenants more appropriately aligned to the run-off profile of the Group's portfolio, extend the maturity date to 31 December 2030 and provides for interest to be capitalised rather than paid in cash. The first financial covenant test under the amended facility occurs on 31 December 2027. Further details are set out in Note 30 (Events after the reporting period).

The Directors have prepared cash flow forecasts covering a period of at least twelve months from the date of approval of these financial statements. These forecasts indicate that the Group will be able to meet its obligations as and when they fall due. However, the forecasts assume that the aforementioned amendments to the debt facility have taken effect and remain dependent upon the timing and amount of realisations from a limited number of significant investments, continued availability under the amended facility, satisfaction of utilisation conditions for future drawdowns and compliance with the revised covenant framework.

The Group's ability to continue as a going concern is materially dependent upon satisfying (or obtaining appropriate waivers of) the remaining conditions precedent to the facility amendments taking effect under the Second Amendment Agreement and achieving forecast realisations from its investment portfolio and maintaining access to funding under the amended facility. The timing and quantum of investment realisations are not wholly within the Group's control. No assumption has been made that Northleaf is contractually obliged to provide future covenant waivers, amendments or additional funding support beyond the terms of the amended facility. If realisations are materially delayed or lower than forecast, or the Group is unable to satisfy the conditions required to ensure the amendments to the facility take effect and/or to access available funding under the amended facility, the Group may be unable to obtain sufficient liquidity to meet its obligations as and when they fall due. In those circumstances, the Directors believe the Group may be unable to continue as a going concern and may be unable to realise its assets and discharge its liabilities in the ordinary course of business.

Accordingly, these events and conditions indicate that a material uncertainty exists that may cast significant doubt upon the Group's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the classification and amounts of liabilities that may be necessary should the Group be unable to continue as a going concern.

Risk Management and Internal Controls

Risk management

Understanding the risks our business faces is fundamental to our long term viability. We aim to continually and proactively monitor developments in the industry ahead of time to ensure we have in place the appropriate processes to manage them. We continue to monitor all risks associated with our business and portfolio of disputes, including the changing landscape in each jurisdiction we operate in. We continue to enhance our approach to risk management each year. Our ability to identify, assess, manage and monitor risk is of crucial importance. As the Group moves into run-off, our risk management focus is on protecting the value of the existing portfolio, managing liquidity and complying with the terms of the amended Northleaf facility. The controls we have aim to manage and mitigate risk but does not eliminate risk entirely nor does it provide an absolute assurance against loss.

Risk management framework

The Board retains ultimate responsibility of risk management and sets the Group's risk appetite. The Board delegates responsibilities to the Risk & Audit Committee and day to day oversight to the Executive Management team. The Executive Management team led by the Group CEO, monitor and manage the risks appropriate for the business within the boundaries set by the Board. The Board also recognises that effective risk management requires commitment of people throughout the business and encourages a culture of open communication.

Our risk management process has involved applying our investment selection criteria to each investment at the outset and continuously throughout its life. With no new investments to be made, these criteria continue to be applied in monitoring the existing portfolio. This process has developed over our history and demonstrates a clear understanding of what is likely to constitute a successful and profitable dispute project.

Our portfolio of investments is overseen by our investment managers, who monitor each disputes project against its expected outcome, timing and budget through to completion.

Financial reporting processes

We maintain policies and procedures to facilitate accurate and timely record keeping which provides a true and fair view of our business performance. We review these policies and procedures on an ongoing basis to ensure they remain appropriate as the business moves into run-off. Our Internal control and risk management framework ensures the integrity of our business and the quality of the information we produce. Finance members in our Sydney and London offices provide an additional layer of oversight across various finance functions and provide frequent reporting to help assess the businesses actual performance against anticipated performance. Finance work closely alongside the investment management teams to provide them with timely and relevant information with respect to their existing investments enabling the team to participate in the review of the portfolios performance on an ongoing basis.

Principal risks and uncertainties

The table following outlines the principal risks and uncertainties facing LCM together with mitigation measures which are intended to provide a reasonable but not definite level of protection. This is not a complete list of all the risks as matters or events not currently known to the Board or management could emerge.

Risk	Mitigation
Strategic risk	
Investment risks	
LCM's investments are of a binary outcome in nature which means that an unsuccessful investment can result in a full loss of the capital invested. Furthermore, due to the differing timelines of the case proceedings that LCM is funding, there may be periods when a significant portion of LCM's outstanding invested capital is concentrated in a small number of single case investments. In the event that a high proportion of those investments are unsuccessful that could lead to a significantly adverse impact on the company's capital and liquidity position. LCM invests in disputes funding but does not control how a claim in which it has invested is managed and, in particular, is not the client of the law firm representing the owner of the claim that is the subject of the relevant dispute. Therefore, there can be no assurance that a dispute will be managed in a way that is most beneficial to the interests of the Group.	LCM applied a robust and disciplined investment selection process, providing funding to only a small proportion of the applications it received. LCM's investment process includes peer review by our team of highly experienced investment managers as well as external expert advice to ensure strict adherence to our investment criteria. LCM's investments are continuously monitored on an ongoing basis by a team of dedicated investment managers to ensure that LCM is kept up to date with the individual case proceedings and can track its investments from commencement to completion. LCM is contractually able to cease funding to any dispute should it determine that the legal merits of a claim is no longer satisfactory or the claim is no longer economically viable. As investments conclude in run-off, the portfolio will become increasingly concentrated in a smaller number of investments.

Risk	Mitigation
Operational risk	
Loss of key personnel	
Our employees are fundamental to our success. Failure to attract and retain highly skilled and experienced investment managers could have a negative impact on the success of our investments. Additionally, the loss of staff could cause disruptions to our ability to deliver to our strategic objectives.	Retaining the people with knowledge of each investment is critical to managing the portfolio to conclusion. The Board monitors retention risk and will align the size of the team with the needs of the remaining portfolio. We continuously carry out peer reviews and appraise the due diligence and underwriting techniques as well as investment monitoring. In addition, LCM monitors the performance of all staff including investment managers to ensure the highest level of performance, integrity and diligence.
Financial risks	
Liquidity	
Liquidity risk is the risk the Company has a lack of sufficient resources, readily realisable assets or access to capital at commercially viable terms to fund its existing investments or meet its current obligations. This could have an adverse effect on the value of investment assets.	Finance closely monitor liquidity and cashflow to ensure the Company continues to operate within the risk appetite set by the Board. The Finance function actively monitor and manage working capital to enable the Company to meets its obligations as they fall due. The Company utilises its credit facility to supplement the balance sheet. Under the amended Northleaf facility, interest is capitalised rather than paid in cash and the first test of the revised covenants is on 31 December 2027. The Directors have identified a material uncertainty relating to going concern, as set out in Note 2. Finance closely manages all financial covenant and reporting requirements with respect to the facility. Additionally, LCM has significant control over its investments including the contractual right to cease funding where the prospects of the claim have changed or the economic viability of the investment has deteriorated.
Adverse costs	
In certain jurisdictions in which LCM operates, it provides an indemnity as against an adverse costs result. That means that LCM underwrites the risk of an unsuccessful litigant being ordered to pay the successful litigant's legal costs.	On most occasions, in those jurisdictions where that service is offered, the risk is laid off through after the event insurance. This is an insurance policy taken out in the name of LCM which covers it for this adverse cost risk. In some circumstances LCM may be exposed to residual adverse cost risk if the insurance policy acquired is insufficient to cover all of any adverse costs award. Where there is no risk of a costs order being made for which LCM would be liable to pay, LCM expressly disclaims any liability for adverse costs in its litigation funding contract.

Risk	Mitigation
Financial risks	
Leverage	
Leverage risk is the risk that the Company's indebtedness may increase resulting in a risk that debt covenants are breached. LCM's financial model is such that it only receives cash into the business following a successful case resolution and if there is a prolonged period without meaningfully positive case resolutions, then indebtedness could increase as LCM makes payments to meet case funding and operating expense requirements. Under the amended facility, interest is capitalised and added to the outstanding debt, and the amount repayable is at least two times the principal drawn, so the amount owed to Northleaf will continue to increase over the remaining life of the portfolio.	Finance closely manages all financial covenant and reporting requirements with respect to the facility. Finance runs several internal models to consider the different scenarios that could arise as a result of differing win/loss combinations on cases to understand the implications from a covenant compliance perspective of such scenarios. LCM has entered into a long-term amendment to the facility with Northleaf to facilitate an orderly run-off of the portfolio, and maintains a proactive dialogue with its lender.
Valuation risk	
LCM's investments are primarily valued using fair value accounting. However, due to the binary nature of those investments there is a significant risk that the final outcome of those investments varies significantly to the fair value of the investment held prior to resolution. We face the risk of errors arising from processes around the valuation of our portfolio of investments.	LCM has conducted a review of the fair value approach and methodology with the yearend financials to reflect recent case experience and position the fair value approach more conservatively. However, the risk of the final outcome on a particular investment varying widely against the fair value held prior to realisation cannot be fully mitigated due to the wide array of outcomes that can occur due to the binary nature of the investments. We have developed an established framework, whereby key inputs into the fair valuation process go through various stages of review and are challenged and assessed as appropriate by the CEO, CFO and Head of Investments. Regular monitoring of the progress of the investment is reviewed on a quarterly basis by the CEO alongside Investment Managers. Where a significant change in expectations has been identified, it is reviewed and verified by the CEO. The Group operates within a system of internal controls that provides oversight of business processes.
Duration risk	
Increased time taken for realisation of returns on investments could affect the financial resources available to the Group, and increase the amount owed to Northleaf as interest on the amended facility is capitalised, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects	The timing of resolutions will depend on a variety of factors including the emergence of new facts or circumstances that were not known at the time of agreeing to fund the investment, the anticipated costs to further progress the matter (i.e. to final determination or by way of appeal) and/or whether there have been any changes in law arising subsequent to the date of agreeing to finance an investment. Furthermore, the settlement or resolution of investments (including the timing of revenue recognition) can also be affected to a significant degree by factors outside the Group's control such as delays in the court system, backlog of cases caused by, for example, the Covid-19 pandemic and any other events. While the Group monitors its investments, there can be no assurance as to the time for completion of any particular investment and accordingly when the Group will receive a return on its investment (if the relevant claim is successful).

Directors' Report

The Directors of Litigation Capital Management Limited (**LCM**) present their report together with the annual financial report of the consolidated entity consisting of LCM and its subsidiaries (collectively **LCM Group** or the **Group**) for the period ended 30 June 2026 and the auditors' report thereon.

1. Directors

The Directors of LCM since the end of the financial period are set out below:

Name and independence status	Experience and special responsibilities
Jonathan Moulds Independent Non-Executive Chairman	Extensive experience in financial services. Term of office Joined the Board December 2018 Committee membership ARC, Nom, Rem
Dr David King Independent Non-Executive Director	Extensive experience in the natural resources industry, Fellow of the Australian Institute of Company Directors, a Fellow of the Australasian Institute of Mining and Metallurgy, and a Fellow of the Australian Institute of Geoscientists. Term of office Joined the Board October 2015 Committee membership ARC (Chair), Nom, Rem
Patrick Moloney Executive Director	Extensive experience in the litigation finance industry. Term of office Joined the Board 2003 Committee membership n/a
David Collins Executive Director	Extensive experience in financial services. Term of office Joined the Board December 2024 Committee membership n/a

2. Company Secretary

Anna Sandham was appointed Company Secretary of LCM in September 2016. Anna is an experienced company secretary and governance professional with over 20 years' experience in various large and small, public and private, listed and unlisted companies. Anna has previously worked for companies including AMP Financial Services, Westpac Banking Corporation, BT Financial Group and NRMA Limited. Anna holds a Bachelor of Economics (University of Sydney), Graduate Diploma of Applied Corporate Governance (Governance Institute of Australia) and is a Chartered Secretary.

3. Officers who were previously partners of the audit firm

There were no officers of the Group during the financial year which were previously partners of the current audit firm, BDO Audit Pty Ltd.

Directors' Report (continued)

4. Meetings of Directors

During the 2026 financial year, 24 Board meetings were held (not counting circular resolutions passed outside regular meetings). The following table sets out the number of Board and Committee meetings each Director attended and the number they were eligible to attend.

Meetings Attended / Meetings Eligible to Attend				
Director	Board	Audit & Risk Committee	Remuneration	Nominations
David King	24/24	2/2	0/0	0/0
Patrick Moloney	24/24	*	*	*
Jonathan Moulds	24/24	2/2	0/0	0/0
David Collins	24/24	*	*	*

* Not a member of the committee

5. Principal Activities

LCM is a global provider of legal finance which operates two business models. The first is direct investments made from LCM's permanent balance sheet capital and the second is fund and/or asset management. Under those two business models, LCM pursues three investment strategies: Single-case funding, Corporate portfolio funding and Acquisitions of claims. LCM generates its revenue from both its direct investments and also performance fees through asset management.

Currently headquartered in Sydney, with offices in London, Singapore, Brisbane and Melbourne, LCM listed on AIM in December 2018, trading under the ticker LIT.

6. Operating and financial review

Overview of the LCM Group

LCM is a company limited by shares and was incorporated on 9 October 2015. LCM was admitted to trade on the Alternative Investment Market (AIM) of the London Stock Exchange on 19 December 2018 under the ticker LIT. LCM was formerly listed on the Australian Securities Exchange (ASX) between 13 December 2016 and 21 December 2018.

Its registered office and principal place of business is Level 12, The Chifley Tower, 2 Chifley Square, Sydney NSW 2000, Australia.

Operations

LCM operates its business through a series of wholly owned subsidiaries. The principal activity of those subsidiaries is the provision of litigation finance and risk management associated with individual and portfolios of litigation projects.

Information on the Group's operations are disclosed in the Strategic and Finance Review.

Review of financial performance

The statutory loss for the Group after providing for income tax amounted to \$165,736,000 (30 June 2025: loss of \$72,913,000).

Further commentary on the financial results are disclosed in the Strategic and Financial Review.

Change in state of affairs

During the financial year, the Group launched a Strategic Review. From September 2025, the Group obtained a series of waivers of the requirement to test the financial covenants under its debt facility with funds managed by Northleaf Capital Partners. Each waiver increased the interest margin by 2.00% per annum during the waiver period. Each new waiver was in place before the previous one expired, and a waiver was in place as at 30 June 2026. LCM has not been required to test and comply with its financial covenants at any point during the relevant period.

On 30 September 2026, after the reporting date, the Group entered into a long-term amendment to the facility, which marks the end of the Strategic Review, and has moved into an orderly run-off of its portfolio. Further details are set out in Section 8, *Matters subsequent to the end of the financial period*.

Other than the matters above, there were no significant changes in the state of affairs of the Group during the financial year.

Directors' Report (continued)

7. Dividends

No dividends have been declared or paid in respect of the financial year ended 30 June 2026.

8. Matters subsequent to the end of the financial period

On 31 July 2026, the Group announced that the debt covenant waiver from Northleaf that was due to expire on 31 July 2026 has been extended to 31 August 2026.

On 1 September 2026, the Group announced that the debt covenant waiver from Northleaf that was due to expire on 31 August 2026 has been extended to 30 September 2026.

Northleaf continued to waive the requirement to test the financial covenants in the facility since the reporting date. The waiver in place at 30 June 2026 was extended to 31 July 2026, then subsequently to 31 August 2026 and subsequently again to 30 September 2026. Each extension was on substantially the same terms as the original waiver: the interest margin was increased by 2.00% per annum during the waiver period. LCM has not been required to test and comply with its financial covenants at any point during the relevant period, as each waiver was in place before the previous one expired.

On 30 September 2026 LCM entered into an agreement which, subject to the satisfaction of certain conditions precedent which are substantially progressed, implements a long-term amendment to its debt facility with funds managed by Northleaf Capital Partners. The purpose of the amendment is to facilitate an orderly run-off of the remaining portfolio. The principal changes to the commercial terms of the debt facility are:

- The facility is increased from US\$100 million to US\$125 million and the term is extended to 31 December 2030.
- The interest margin is increased from SONIA plus 525 basis points on the original facility (which had been increased by a further 200 basis points due to the covenant waivers) to SONIA plus 1000 basis points. Interest is capitalised and added to the outstanding principal amount of the debt (paid in kind) rather than paid in cash for the remaining life of the facility.
- The amount repayable is the higher of (i) the outstanding principal plus capitalised interest and (ii) two times the principal drawn under the facility.
- If the facility is repaid in full while case investments remain outstanding, Northleaf is entitled to 25% of the gross cash proceeds of those remaining investments, including any performance fees received from the funds.
- The facility is limited recourse to the case portfolio.

The following governance changes are being implemented alongside the commercial changes:

- Two new directors, nominated by Northleaf and fully supported by the LCM Board, are to be appointed as independent directors of LCM Group Holdings Pty Ltd, the subsidiary through which the Group's investments are held and its operations conducted and to some or all of such company's wholly-owned subsidiaries.

The agreement on the terms of a long-term amendment with Northleaf to the debt facility marks the end of the Strategic Review, which was launched during the financial year. The board has formally concluded the review process with no resulting transaction, and has agreed on terms of an increased Northleaf facility. LCM now moves into an orderly run-off: the existing portfolio of case investments will be managed to conclusion in accordance with a business plan approved and supported by as per the Northleaf agreement and is not presently contemplated (or permitted under the terms of the agreement with Northleaf) that any new investments will be made.

9. Likely developments and expected results

Information on the Group's likely developments are disclosed in the Strategic and Financial Review.

10. Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Directors' Report (continued)

11. Directors' interests in shares and options

The relevant interests of each director in the shares and rights or options over shares issued by LCM at the date of this report is as follows:

Director ¹	Ordinary shares ¹	Unlisted partly paid shares ²	Loan Plan Shares ³ & Loans	Long Term Executive Plan ³	Deferred Bonus Share Plan ³
Dr. David King	1,951,484	-	-	-	-
Patrick Moloney	4,465,227	1,433,022	5,843,487	-	137,216
Jonathan Moulds	5,250,000	-	-	-	-
David Collins	-	-	-	-	-

1 Directors, including associated parties, interests held directly and indirectly

2 Unlisted partly paid shares in the Group were issued at a price of \$0.17 per share, wholly unpaid and will convert to a share upon payment to the Group of \$0.17 per share.

3 Plans exercisable at various prices and subject to vesting conditions

12. Share Options

Loan Funded Share Plan ('LSP')

During the year the Group granted nil (2025: nil) shares under the LSP. As at the date of this report there were 6,550,366 LSP's outstanding subject to various vesting and performance conditions.

There were 6,550,366 LSP's vested and exercisable as at 30 June 2026 (2025: 6,642,872).

Deferred Bonus Share Plan ('DBSP')

During the year the Group granted nil (2025: 532,235) options under the DBSP. As at the date of this report there were 893,052 DBSP's outstanding subject to various vesting and performance conditions.

There were 694,044 options vested (2025: 634,868) and 445,467 exercised as at 30 June 2026 (2025: 666,547).

Executive Long Term Incentive Plan ('LTIP')

During the year the Group granted nil (2025: nil) options under the LTIP. As at the date of this report there were nil LTIP's outstanding subject to various vesting and performance conditions. During the period, all LTIPs lapsed as the performance conditions were not satisfied.

13. Indemnity and insurance of officers and auditors

Indemnification

Under the LCM Constitution, to the maximum extent permitted by the Corporations Act 2001 ('the Act'), LCM must indemnify each person who is or has been an Officer against any liability incurred as an Officer and may pay a premium for a contract insuring an Officer against that liability. During the financial period, LCM has paid premiums in respect of contracts insuring the directors and officers of LCM against any liability of this nature.

LCM has not, during or since the end of the financial period, indemnified or agreed to indemnify an officer or auditor of LCM or any related entity against a liability as such by an officer or auditor except to the extent permitted by law.

Insurance premiums

In accordance with normal commercial practices, under the terms of the insurance contracts, the nature of liabilities insured against and the amount of the premiums paid are confidential.

14. Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 25 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial period, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Act.

The Directors are of the opinion that the services disclosed in note 25 to the financial statements do not compromise the external auditor's independence requirements of the Act for the following reasons:

Directors' Report (continued)

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in the APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the company or jointly sharing economic risks and rewards.

15. Proceedings on behalf of LCM Group

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

16. Lead Auditor's independence declaration

The Auditor's independence declaration as required under section 307C of the Act is included in LCM's financial statements.

17. Auditor

BDO Audit Pty Ltd continues in office in accordance with section 327 of the Act.

18. Rounding of amounts

LCM is of a kind referred to the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

19. Corporate Governance

The corporate governance statement can be found here: <https://www.lcmfinance.com/shareholders/corporate-governance/>

20. Remuneration report

The Remuneration Report, which forms part of this Directors' Report, is set out on the pages that follow.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Act.

On behalf of the Directors



Mr Jonathan Moulds
Chairman
30 September 2026

Remuneration report

The Directors present this Remuneration Report (Report) for Litigation Capital Management Limited (LCM and together with its controlled entities, the LCM Group) for the 12 months ended 30 June 2026, of which certain tables have been audited ¹ (as noted below), and outlines key aspects of our remuneration framework. It contains the following sections:

- (1) Remuneration framework
- (2) Remuneration details
- (3) Service agreement
- (4) Remuneration table (audited)
- (5) Directors' interests (audited)
- (6) Other disclosures

¹ Audited where referenced in this report means that the relevant tables have been extracted directly from the audited 2026 financial statements and notes

Remuneration framework

Overview of remuneration framework

The Board recognises that the performance of LCM depends on the quality and motivation of its people. The objective of LCM's remuneration policy is to attract, motivate and retain the best available management and employees to operate and manage LCM. Non-Executive Director remuneration is designed in a way that supports the retention of their independence.

Employee remuneration and incentive policies and practice are performance-based and aligned with LCM Group's vision, values and overall business objectives, with five guiding principles in mind:

- alignment of employee pay with shareholder interests and wealth outcomes;
- alignment of employee pay with fund interests and wealth outcomes;
- motivation of employee behaviour to execute LCM's strategy through an appropriate mix of fixed and variable pay elements;
- delivery of a competitive remuneration framework that assists with attracting and retaining high calibre Non-Executive and employee talent to ensure business success; and
- provision of a simple and transparent framework that is clear to participants and external stakeholders.

Role of the Remuneration Committee

The Remuneration Committee ensures that the remuneration of Directors and senior employees is consistent with market practice and sufficient to ensure that the LCM Group can attract, develop and retain the best individuals and is designed to:

- attract, develop and retain Board and executive talent;
- create a high-performance culture by driving and rewarding employees for achieving the Group's strategy and business objectives; and
- link incentives to the creation of shareholder and fund value.

The Remuneration Committee shall meet formally at such frequency as circumstances demands for the purposes referred to above.

Principal terms of the share plans

In prior years, the committee decided it was appropriate to move away from the legacy Loan Share Plan (LSP) and Company Share Option Plan (CSOP) to the current Deferred Bonus Share Plan (DBSP) and Executive Long Term Incentive Plan ('LTIP'), in line with other listed peers. This ensures LCM remain competitive in retaining and attracting new talent. The principal terms of the current Share Plans, determined by the Remuneration Committee, are set out below.

Eligibility

Deferred Share Bonus Plan (DSBP)

Awards may be made to Directors and employees of the Group and its subsidiaries, at the discretion of the Remuneration Committee.

Executive Long Term Incentive Plan (LTIP)

Awards may be made only to Senior Executives of the Group and its subsidiaries, at the discretion of the Remuneration Committee.

Timing

Awards will normally only be granted after the end of a closed period (typically following the announcement of the Group's results for any period). In exceptional circumstances, awards may be granted at other times provided that no awards may be granted during a closed period.

Performance conditions

The Group attaches considerable importance to the role of appropriate performance-based incentives to drive sustainable long-term growth and align Directors' and employees' interests with the interests of shareholders and Fund investors. Accordingly, awards to Directors and senior management will ordinarily be subject to the achievement of performance conditions set by the Remuneration Committee at the date of grant.

Remuneration report (continued)

Plan limits

In any 10 year period, not more than 10% of the issued ordinary share capital of the Group may be issued or be issuable under the Share Plans.

These limits do not include awards which have lapsed, which are satisfied by shares purchased in the market, or include shares which are used to pay equivalents.

As disclosed in the AIM Admission Document, shares granted under the existing Australian Loan Share Plan prior to listing on AIM will not form part of the limits for the Share Plans nor the shares granted under the Joint Share Ownership Plan post Admission.

Satisfaction of awards

Options will be subject to the satisfaction of performance conditions. The Executive LTIP plan for senior executives are awarded with vesting conditions linked to fund performance over a three to five year period.

Holding period

Awards may be granted on the basis that some or all of the shares in respect of which the award vests will be held for a further period post-vesting. Awards granted under the Executive LTIP plan have a holding period up to the fifth anniversary of grant.

Malus and clawback

The Remuneration Committee will have the ability to reduce the number of shares subject to an unvested award (including to zero) in certain circumstances or impose additional conditions on the awards and/or require that the participant has to either return some or all of the shares acquired under the award or make a cash payment to the Company in respect of any shares delivered.

The circumstances which may lead to a clawback are where the award is determined to have been granted or vested on the basis of materially inaccurate information or where the Remuneration Committee determines that the participant has committed a material breach of their contract of employment which would include, without limitation: where the participant has contributed to a material loss or reputational damage to the Group; the participant has materially breached any compromise agreement entered into in relation to their cessation of employment; or, where applicable, the participant has materially breached any of their fiduciary duties.

Leaving employment

If a participant leaves employment, unvested awards will normally lapse. If the participant leaves for one of the following reasons: disability, ill-health, injury, redundancy, or in other circumstances if the Remuneration Committee allows, their award will normally continue in effect and vest on the original vesting date or, if applicable, will be released at the end of the holding period.

Takeovers, reorganisations, etc.

Awards will generally vest early on a takeover, or other change of control event, or on a voluntary winding up of the Group.

The applicable rules of the Share Plans may also contain provisions to allow for awards to be made to participants based in jurisdictions outside of Australia and the UK and to allow for the Remuneration Committee to agree special terms to allow for awards to be granted in those jurisdictions in order to comply with local practice or to avoid adverse tax, legal or regulatory consequences.

Any shares issued following the vesting of awards will rank equally with shares of the same class in issue on the date of allotment except in respect of rights arising by reference to a prior record date.

Remuneration details

Remuneration payable to Non-Executive Directors

Non-Executive Directors enter into service agreements through a letter of appointment which are not subject to a fixed term. Non-Executive Directors receive a fee for their contribution as Directors.

Fees payable to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, Directors. Directors' fees are reviewed regularly by the Board.

LCM's Constitution provides that LCM may remunerate each Director as the Directors decide, provided that the total amount paid to Non-Executive Directors' may not exceed:

- (i) the amount fixed by LCM in general meeting for that purpose; or
- (ii) if no amount has been fixed by LCM in general meeting for that purpose, A\$700,000 per annum.

An amount has been fixed by LCM in the Annual General Meeting of 21 November 2019 for the aggregate fee pool limit to be A\$700,000 per annum.

The objective of LCM's remuneration policies with regard to Non-Executive Directors is to ensure the Group is able to attract and retain Non-Executive Directors with the skills and experience to ensure the Board is able to discharge its oversight and governance responsibilities in an effective and diligent manner and supports the retention of their independence.

LCM do not pay bonus payments or lump sum retirement benefits to Non-Executive Directors.

Remuneration report (continued)

Details of fees paid during the financial year to each Non-Executive Director are detailed below.

Remuneration Details for Employees

Employees of LCM are contracted under an employment agreement which incorporates a probation period generally of six months, a salary as well as an ability after 12 months of service for the employee to be eligible for a performance award discretionary bonus and participate in an incentive scheme (Eligible Employees).

Each Eligible Employee will be entitled to participate in the LCM incentive scheme, the rules of which may be subject to change by LCM at any time.

The award of an incentive will be discretionary and will be determined based on:

- (1) the financial performance of LCM as a whole;
- (2) the performance review of the Eligible Employee in each full financial year the Eligible Employee is employed by LCM; and
- (3) the financial performance of any fund managed by LCM.

The performance review of each Eligible Employee will be undertaken at the end of each financial year and during that performance review each Eligible Employee will be assessed in accordance with the Eligible Employee's Role Description (the Performance Conditions).

The maximum amount of the incentive able to be earned by an Eligible Employee in any year is as follows:

- (1) a cash payment of up to 35% of the base salary of the Eligible Employee (Cash Incentive); and
 - (2) an invitation to participate in the Share Plan up to a value of 65% of the base salary of the Eligible Employee.
- During periods of exceptional performance and at the discretion of the Remuneration Committee and Board, Eligible Employees can earn an additional award under the Share Plan.

Service agreement

All Executive Directors have contracts of employment. Remuneration and other terms of employment are formalised in that agreement, including components of remuneration and base salary to which they are entitled, eligibility for incentives and other benefits including superannuation and pensions. Remuneration is determined by reference to appropriate market rates for the fixed remuneration component, taking into account the specific context of the markets in which the Group operates.

Key terms of Patrick Moloney's employment agreement is as follows:

- term of five years (commencing December 2018) with an automatic extension for a further five years unless notice is given at least one year before the expiry of the initial term that the agreement will not be extended;
- a fixed salary per annum plus superannuation and is entitled to six weeks paid annual leave per year, details of which are set out in the remuneration tables below; and
- LCM can terminate the agreement at any time without cause with 6 months' notice.

On appointment, all Non-Executive Directors enter into an agreement which outlines obligations and minimum terms and conditions.

Remuneration report (continued)

Remuneration table

Remuneration table for year ended 30 June 2026 (audited)

The table below provides remuneration for KMPs for the 12 months ended 30 June 2026 and comparatives for the year ended 30 June 2025 (audited).

	Cash salaries and fees \$		Bonus \$		Benefits \$	
	2026	2025	2026	2025	2026	2025
Non-Executive Directors						
Dr David King	115,875	115,594	–	–	–	–
Jonathan Moulds	229,330	230,576	–	–	–	–
Gerhard Seebacher ¹	–	70,492	–	–	–	–
	345,205	416,661	–	–	–	–
Executive directors & other executives						
Patrick Moloney	1,100,000	1,209,885	–	117,295	–	156,954
David Collins ²	692,689	698,580	–	–	–	188
Mary Gangemi ³	–	262,547	–	–	–	–
	1,792,689	2,171,012	–	117,295	–	157,143
Total	2,137,894	2,587,673	–	117,295	–	157,143

Fully paid ordinary shares & unlisted partly paid shares

The table below provides the number of fully paid ordinary shares and unlisted partly paid shares in the company held by each Non-Executive Director and Executive KMP during the period ended 30 June 2026 and the previous period ended 30 June 2025:

Name of the Director	Description of shares	30 June 2026 Number	30 June 2025 Number
Jonathan Moulds	Fully paid ordinary shares	5,250,000	5,250,000
Dr David King	Fully paid ordinary shares	1,951,484	1,951,484
Patrick Moloney	Fully paid ordinary shares	4,465,227	4,312,353
Patrick Moloney	Unlisted partly paid shares ¹	1,433,022	1,433,022
David Collins	N/A	–	–

1 Unlisted partly paid shares in the Company were issued at a price of \$0.17 per share, wholly unpaid and will convert to a share upon payment to the Company of \$0.17 per share. Further details provided in Note 19 to the financial statements

No changes took place in the interest of the Directors between 30 June 2026 and 30 September 2026.

Remuneration report (continued)

Accrued leave \$		Superannuation /pension \$		Long service leave \$		Share-based payments \$		Total \$	
2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
–	–	13,905	13,293	–	–	–	–	129,780	128,887
–	–	–	–	–	–	–	–	229,330	230,576
–	–	–	–	–	–	–	–	–	70,492
–	–	13,905	13,293	–	–	–	–	359,110	429,954
69,808	56,298	30,000	13,393	18,333	12,291	283,644	402,653	1,501,785	1,968,768
–	–	2,614	1,994	–	–	–	–	695,303	700,762
–	–	–	26,255	–	–	–	–	–	288,802
69,808	56,298	32,614	41,641	18,333	12,291	283,644	402,653	2,197,088	2,958,332
69,808	56,298	46,519	54,934	18,333	12,291	283,644	402,653	2,556,198	3,388,286

1 Resigned as Director 15 January 2025

2 Appointed as Director 29 November 2024

3 Resigned as Director 5 September 2024. The amounts disclosed for Ms Gangemi in 2025 represent payments made in connection with her cessation of employment, including notice period entitlements, and are classified as termination benefits.

Share options

The table below provides the number of options over ordinary shares in the Company held by each Non-Executive Director and Executive KMP during the financial year:

Name of the Director	Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/ other	Balance at the end of the year
Patrick Moloney	19/11/2018	25/11/2028	\$0.47	1,595,058	–	–	–	1,595,058
Patrick Moloney	04/12/2017	04/12/2027	\$0.60	1,000,000	–	–	–	1,000,000
Patrick Moloney	04/12/2017	04/12/2027	\$0.60	1,000,000	–	–	–	1,000,000
Patrick Moloney	01/11/2019	01/11/2029	£0.7394	777,600	–	–	–	777,600
Patrick Moloney	13/10/2020	13/10/2030	£0.6655	291,597	–	–	–	291,597
Patrick Moloney	27/10/2021	27/10/2031	£1.06	279,232	–	–	–	279,232
Patrick Moloney ¹	27/10/2021	27/10/2031	£1.06	900,000	–	–	–	900,000
Patrick Moloney	07/10/2022	07/10/2032	-	56,426	–	(56,426)	–	–
Patrick Moloney	07/10/2022	07/10/2032	-	3,303,796	–	–	(3,303,796)	–
Patrick Moloney	04/10/2023	04/10/2033	-	111,362	–	(55,681)	–	55,681
Patrick Moloney	04/10/2024	04/10/2034	-	122,302	–	(40,767)	–	81,535
				9,437,373	–	(152,874)	(3,303,796)	5,980,703

1 On 27 October 2021 Patrick Moloney, Chief Executive Officer of the Company exercised 900,000 options (the "Executive Options") at an exercise price of A\$1.00. The Company has agreed to issue and allot in total 900,000 new Ordinary Shares ("Ordinary Shares") in the capital of the Company to Patrick Moloney which were granted under the Loan Share Plan for the sole purpose to fund the Aggregate Exercise Price of the 900,000 unlisted options.

Remuneration report (continued)

Share Dealing Code

The Share Dealing Code adopted by the Company from admission to AIM applies to any person discharging management responsibility, which will apply to all the Directors, any closely associated persons and applicable employees (as each is defined in the Code). The Share Dealing Code sets out their responsibilities under the AIM Rules, FSMA and MAR and other relevant legislation. The Share Dealing Code addresses the share dealing restrictions as required by the AIM Rules and where applicable MAR. The Share Dealing Code's purpose is to ensure that Directors and other relevant persons do not abuse, or place themselves under suspicion of abusing, inside information that they may have or be thought to have, especially in periods leading up to an announcement of results. The Share Dealing Code sets out a notification procedure which is required to be followed prior to any dealing in the company's securities.

Anti-bribery and corruption policy

The Directors have zero tolerance towards bribery and corruption and the Board has adopted an anti-bribery and corruption policy. The policy applies to all personnel of the Group including Directors, officers and employees. The policy prohibits both 'active bribery' (such as offering or promising to a third party benefits such gifts, donations or awards) and 'passive bribery' (such as requesting, soliciting or agreeing to receive a bribe from a third party).

As part of implementing the policy, the Company has a system for recording hospitality and gifts (both received and made to others) and sets out in detail guidelines for providing and accepting hospitality. The policy condemns tax evasion, whether it involves evading UK taxes or foreign taxes and expressly prohibits the Group's employees, consultants and agents from facilitating tax evasion by any third party.

DECLARATION OF INDEPENDENCE BY GEOFF ROONEY TO THE DIRECTORS OF LITIGATION CAPITAL MANAGEMENT LIMITED

As lead auditor of Litigation Capital Management Limited for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Litigation Capital Management Limited and the entities it controlled during the period.



Geoff Rooney
Director

BDO Audit Pty Ltd
Sydney, 30 September 2026

Consolidated statement of profit or loss and other comprehensive income
For the period ended 30 June 2026

	Note	Consolidated	
		2026 \$'000	2025 \$'000
Net realised gain/(loss) on investments	5	(115,768)	43,643
Net unrealised loss on investments	5	(84,669)	(206,767)
Movement in financial liabilities related to third-party interests in consolidated entities	5	81,966	90,133
Litigation service revenue	5	41	-
Litigation service expense	5	(34,103)	(5,468)
Total loss		(152,531)	(78,459)
Expenses			
Employee benefits expense	6	(7,618)	(12,061)
Depreciation expense	6	(70)	(93)
Corporate expenses	6	(3,342)	(4,841)
Fund administration expense	6	(1,030)	(1,965)
Foreign currency gains	6	3,507	3,027
Total operating expenses		(8,553)	(15,933)
Operating loss		(161,085)	(94,392)
Finance costs	6	(12,512)	(7,295)
Loss before income tax expense		(173,597)	(101,687)
Income tax benefit	7	7,861	28,774
Loss after income tax expense		(165,736)	(72,913)
Other comprehensive income			
Items that may be subsequently reclassified to profit and loss:			
Movement in foreign currency translation reserve		(2,843)	5,128
Total comprehensive loss for the period		(168,579)	(67,785)
Loss for the period is attributable to:			
Owners of Litigation Capital Management Limited		(165,736)	(72,913)
		(165,736)	(72,913)
Total comprehensive income for the period is attributable to:			
Owners of Litigation Capital Management Limited		(168,579)	(67,785)
		(168,579)	(67,785)
		Cents	Cents
Basic loss per share	8	(160.88)	(70.83)
Diluted loss per share	8	(160.88)	(70.83)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with accompanying Notes to the Financial Statements.

Consolidated statement of financial position
As at 30 June 2026

		2026	2025
	Note	\$'000	\$'000
Assets			
Cash and cash equivalents	9	10,415	18,447
Restricted cash	10	2,171	-
Trade receivables	11	167	1,786
Due from resolution of financial assets	12	83,857	88,201
Contract costs	13	18,105	47,988
Investments	14	158,605	287,735
Property, plant and equipment		125	135
Intangible assets		380	439
Other assets		1,020	833
Total assets		274,845	445,564
Liabilities			
Trade and other payables	15	6,483	10,508
Employee benefits		1,265	1,115
Borrowings	17	125,512	77,747
Provisions	16	10,659	-
Financial liabilities related to third-party interests in consolidated entities	18	177,147	226,538
Deferred tax liability	7	7,425	15,286
Total liabilities		328,491	331,194
Net (liabilities)/assets		(53,646)	114,370
Equity			
Issued capital	19	61,286	60,634
Reserves	20	5,906	8,838
(Accumulated losses)/retained earnings		(120,838)	44,899
Parent (deficit)/equity		(53,646)	114,370
Total (deficit)/equity		(53,646)	114,370

The above Consolidated Statement of Financial Position should be read in conjunction with accompanying Notes to the Financial Statements.

Consolidated statement of changes in equity
For the period ended 30 June 2026

	Issued capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Share based payments reserve \$'000	Foreign currency translation \$'000	Total equity \$'000
Consolidated						
Balance at 1 July 2024	69,990	(5,396)	120,492	3,240	615	188,941
Loss after income tax expense for the period	-	-	(72,913)	-	-	(72,913)
Other comprehensive income for the period	-	-	-	-	5,128	5,128
Total comprehensive income for the period	-	-	(72,913)	-	5,128	(67,785)
Equity Transactions:						
Share-based payments (note 29)	1,359	-	-	(146)	-	1,213
Dividends paid (note 21)	-	-	(2,680)	-	-	(2,680)
Treasury shares acquired (note 19)	-	(4,458)	-	-	-	(4,458)
Cancellation of treasury shares (note 19)	(9,854)	9,854	-	-	-	-
LSPs exercised and purchased by EBT (note 19)	(860)	-	-	-	-	(860)
	(9,356)	5,396	(2,680)	(146)	-	(6,786)
Balance at 30 June 2025	60,634	-	44,899	3,094	5,744	114,370
	Issued capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Share based payments reserve \$'000	Foreign currency translation \$'000	Total equity \$'000
Consolidated						
Balance at 1 July 2025	60,634	-	44,899	3,094	5,744	114,370
Loss after income tax expense for the period	-	-	(165,736)	-	-	(165,736)
Other comprehensive loss for the period	-	-	-	-	(2,843)	(2,843)
Total comprehensive income for the period	-	-	(165,736)	-	(2,843)	(168,579)
Equity Transactions:						
Share-based payments (note 29)	652	-	-	(89)	-	563
	652	-	-	(89)	-	563
Balance at 30 June 2026	61,286	-	(120,838)	3,005	2,901	(53,646)

The above Consolidated Statement of Changes in Equity should be read in conjunction with accompanying Notes to the Financial Statements.

Consolidated statement of cash flows
For the period ended 30 June 2026

		Consolidated	
	Note	2026 \$'000	2025 \$'000
Cash flows from operating activities			
Proceeds from litigation contracts		3,058	64,702
Payments for litigation contracts		(82,315)	(128,166)
Payments to suppliers and employees		(12,600)	(16,411)
Income tax paid		-	(580)
Net cash used in operating activities		(91,857)	(80,454)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(6)
Payments for intangibles		-	(200)
Refund/(payment) of security deposits		110	(2)
Net cash from/(used in) investing activities		110	(207)
Cash flows from financing activities			
Payments for treasury and loan shares		-	(5,318)
Dividends paid	21	-	(2,680)
Proceeds from borrowings	17	43,087	25,039
Repayments of borrowings	17	-	(12,864)
Payments of net finance costs		(3,499)	(6,467)
Payments of placement fees related to third-party interests		-	(1,033)
Contributions from third-party interests in consolidated entities	18	44,213	67,106
Distributions to third-party interests in consolidated entities	18	-	(33,959)
Net cash from financing activities		83,801	29,824
Net decrease in cash and cash equivalents		(7,946)	(50,838)
Cash and cash equivalents at the beginning of the period		18,447	68,113
Effects of exchange rate changes on cash and cash equivalents		(86)	1,171
Cash and cash equivalents at the end of the period	9	10,415	18,447

The above Consolidated Statement of Cash Flows should be read in conjunction with accompanying Notes to the Financial Statements.

Notes to the financial statements

30 June 2026

Note 1. General Information

The financial statements cover Litigation Capital Management Limited (the 'Company') as a Group consisting of Litigation Capital Management Limited and the entities it controlled at the end of, or during, the year (referred to as the 'Group'). The financial statements are presented in Australian dollars, which is Litigation Capital Management Limited's functional and presentation currency.

Litigation Capital Management Limited was admitted onto the Alternative Investment Market ('AIM') on 19 December 2018.

Litigation Capital Management Limited is a for profit publicly listed company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 12, The Chifley Tower
2 Chifley Square
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 30 September 2026. The Directors have the power to amend and reissue the financial statements.

Basis of preparation

The Financial Report:

- is a general purpose financial report;
- has been prepared in accordance with the Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- has been prepared in accordance with the requirements of the Corporations Act 2001 (Cth);
- is presented in Australian dollars, which is the Group's functional and presentation currency, with all values rounded to the nearest thousand dollars, or in certain cases to the nearest dollar, in accordance with ASIC Corporations Instrument 2016/191 unless otherwise indicated;
- includes foreign currency transactions that are translated into the presentation currency, using the exchange rates prevailing at the date of the Financial Report;
- has been prepared on a going concern basis using a historical cost basis, except for certain assets and liabilities measured at fair value;
- presents assets and liabilities on the face of the Balance Sheets in decreasing order of liquidity; and
- contains accounting policies that have been consistently applied to all periods presented, unless otherwise stated.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Litigation Capital Management Limited ('Company' or 'parent entity') as at 30 June 2026 and the results of all subsidiaries for the year then ended. Litigation Capital Management Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

The Group includes fund investment vehicles over which the Group has the right to direct the relevant activities of the fund under contractual arrangements and has exposure to variable returns from the fund investment vehicles. See Note 4.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Note 2. Material accounting policies

Accounting standards and interpretations

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2025.

Note 2. Material accounting policies (continued)

New and amended accounting standards and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements that the Group reasonably expects will have an impact on its disclosures, financial position or performance when applied at a future date, are disclosed below.

- Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments
- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- IFRS S1, General requirements for disclosure of sustainability-related financial information
- IFRS S2 Climate-related disclosures

The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The Group has not listed other standards and interpretations which are issued but not yet effective, as they are not expected to impact the Group.

Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuation of the Group's operations and the orderly management and realisation of its investment portfolio.

On 30 September 2026, after the reporting date, the Group entered into a Second Amendment Agreement, which, subject to satisfaction of certain conditions precedent which are substantially progressed, will effect amendments to its senior secured borrowing arrangements with lender funds managed by Northleaf Capital Partners, under which funding is provided through Facility B of the Amended and Restated Senior Term Facility Agreement.

The amendment will, once taking effect, increase the facility limit from US\$100 million to US\$125 million, replace the previous financial covenants with covenants more appropriately aligned to the run-off profile of the Group's portfolio, extend the maturity date to 31 December 2030 and provides for interest to be capitalised rather than paid in cash. The first financial covenant test under the amended facility occurs on 31 December 2027. Further details are set out in Note 30 (Events after the reporting period).

The Directors have prepared cash flow forecasts covering a period of at least twelve months from the date of approval of these financial statements. These forecasts indicate that the Group will be able to meet its obligations as and when they fall due. However, the forecasts assume that the aforementioned amendments to the debt facility have taken effect and remain dependent upon the timing and amount of realisations from a limited number of significant investments, continued availability under the amended facility, satisfaction of utilisation conditions for future drawdowns and compliance with the revised covenant framework.

The Group's ability to continue as a going concern is materially dependent upon satisfying (or obtaining appropriate waivers of) the remaining conditions precedent to the facility amendments taking effect under the Second Amendment Agreement and achieving forecast realisations from its investment portfolio and maintaining access to funding under the amended facility. The timing and quantum of investment realisations are not wholly within the Group's control. No assumption has been made that Northleaf is contractually obliged to provide future covenant waivers, amendments or additional funding support beyond the terms of the amended facility. If realisations are materially delayed or lower than forecast, or the Group is unable to satisfy the conditions required to ensure the amendments to the facility take effect and/or to access available funding under the amended facility, the Group may be unable to obtain sufficient liquidity to meet its obligations as and when they fall due. In those circumstances, the Directors believe the Group may be unable to continue as a going concern and may be unable to realise its assets and discharge its liabilities in the ordinary course of business.

Accordingly, these events and conditions indicate that a material uncertainty exists that may cast significant doubt upon the Group's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the classification and amounts of liabilities that may be necessary should the Group be unable to continue as a going concern.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Litigation Capital Management Limited's functional and presentation currency.

Note 2. Material accounting policies (continued)

Foreign currency transactions

Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Fair value measurement

The Group measures its financial instruments such as litigation funding agreements and financial liabilities related to third-party interests at fair value at each balance sheet date.

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's Executive Leadership Committee determines the policies and procedures for fair value measurement, including the litigation funding agreements. The Committee is comprised of the Chief Executive Officer, Chief Financial Officer and Head of Investments or equivalent.

The level of involvement of external valuers or specialist valuation experts is determined annually by the Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the Committee analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions Note 23
- Quantitative disclosures of fair value measurement hierarchy Note 23
- Financial instruments Note 22

Litigation service

Revenue is recognised at the amount the Group expects to be entitled to in exchange for its services. For each customer contract, the Group identifies the performance obligations, determines the transaction price (including any variable consideration), and recognises revenue when the performance obligation is satisfied.

Note 2. Material accounting policies (continued)

Variable consideration reflects the uncertainty of outcomes in awards, settlements or other contingent events. It is estimated using either the "expected value" or "most likely amount" method and recognised only when it is highly probable that a significant reversal will not occur. Until the uncertainty is resolved, amounts received that are subject to this constraint are recorded as refund liabilities.

The performance of a litigation service contract by the Group entails the management and progression of the litigation project during which costs are incurred by the Group over the life of the litigation project. As consideration for providing litigation management services and financing of litigation projects, the Group receives either a percentage of the gross proceeds of any award or settlement of the litigation, or a multiple of capital deployed, and is reimbursed for all invested capital.

Revenue, which includes amounts in excess of costs incurred and the reimbursement for all invested capital, is not recognised as revenue until the successful completion of the litigation project ie, complete satisfaction of the performance obligation, which is generally at the point in time when a judgment has been awarded or on an agreed settlement between the parties to the litigation, and therefore when the outcome is considered highly probable. On this basis, revenue is not recognised over time and instead recognised at the point in time when the Group satisfies the performance obligation. Costs include only external costs of funding the litigation, such as solicitors' fees, counsels' fees and experts' fees.

The terms and duration of each settlement or judgment varies by litigation project. Payment terms are not defined by the Group's litigation contracts however upon successful completion of a litigation project, being the satisfaction of the single performance obligation, funds are generally paid into trust within 28 days. The funds will remain in trust until the distribution amounts have been determined and agreed by the relevant parties, after which payment will be received by the Group.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Litigation Capital Management Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 2. Material accounting policies (continued)

Restricted Cash

Cash that is subject to legal or contractual restrictions and is not available for general use is classified as restricted cash and presented separately from cash and cash equivalents.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not have a specifically defined time frame for settlement, additionally, when the receivable is due from part of the portfolio of litigation projects, the settlement of the receivable is generally made upon an additional resolution of another litigation project within the portfolio which also may not be within a specifically defined time frame.

The Group has applied the simplified approach to measuring expected credit losses for trade receivables and contract assets, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Due from resolution of investments

Amounts due from the settlement of financial assets relate to the realisation of litigation funding assets that have been successfully concluded and where there is no longer any litigation risk remaining and represent the expected cash flow to be received by the Group. The settlement terms and timing of realisations vary by litigation funding asset. The majority of settlement balances are received shortly after the period end in which the litigation funding asset has concluded, and all settlement balances are generally expected to be received within 12 months after completion.

Contract costs

Contract costs are recognised as an asset when the Group incurs costs in fulfilling a contract and when all the following are met: (i) the costs relate directly to the contract; (ii) the costs generate or enhance resources of the Group that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Contract costs are financial assets for impairment purposes. The Group's revenue recognition policy for litigation service revenue provides further information.

Investments

Investments are financial assets recognised at fair value through profit or loss and are fair valued using an income approach. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes the Group's litigation funding assets. The litigation funding assets are primarily derecognised when the underlying litigation resolves and transfers to Due from resolution of financial assets.

Financial assets are derecognised when the contractual rights to the cash flows expire or when the asset, along with the associated risks and rewards of ownership, are substantially transferred to another entity.

Financial liabilities related to third-party interests in consolidated entities

Non-controlling interests where the Group does not own 100% of a consolidated entity are recorded as financial liabilities related to third-party interests in consolidated entities. Financial liabilities related to third-party interests in consolidated entities are initially recognised at the fair value. Gains or losses on liabilities held at fair value through profit or loss are recognised in the statement of profit or loss as 'Movement in financial liabilities related to third-party interests in consolidated entities'. They are subsequently measured at fair value using an income approach. Amounts included in the consolidated statement of financial position represent the net asset value of the third-parties' interests. These amounts have been elected to be measured at fair value to reduce the accounting mismatch between the related financial asset measured at fair value through profit or loss.

Financial liabilities are derecognised when the obligation to settle through cash flows has expired or been transferred.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment at each reporting date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 2. Material accounting policies (continued)

Provisions

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

Provisions are measured at management's best estimate of the expenditure required to settle the present obligation at the balance date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability.

The increase in the provision resulting from the passage of time is recognised in finance costs.

Performance fee clawback

Performance fee clawback obligations may arise where performance fees previously recognised by the Company become repayable under contractual clawback arrangements contained within fund governing documents. Such arrangements typically require performance fees ultimately retained by the Company to be aligned with the overall performance of the relevant fund and the returns generated for investors over the life of the fund. As a result, the Company may be required to repay performance fees previously received where subsequent investment performance deteriorates and the contractual performance thresholds are no longer met.

The assessment of whether a clawback obligation exists requires significant judgement and is dependent on the expected ultimate outcome of the relevant fund, including assumptions regarding the performance of unresolved investments, future case outcomes, expected realisations and other factors that influence returns generated over the life of the fund.

Where a present obligation exists as a result of past events, but uncertainty remains regarding the amount, timing or allocation of the obligation, the Company recognises a provision in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets. The provision is measured using management's best estimate of the expenditure required to settle the obligation at the reporting date, based on the expected amount ultimately repayable under the relevant clawback arrangements.

Within Fund I, an expected clawback recovery is recognised as an asset. At Company level, the economic effect of the recovery is reflected in the measurement of the financial liability relating to third-party interests. As matters progress and the obligation becomes attributable to a specific fund, the corresponding amount is allocated to that fund. Once the obligation becomes contractually enforceable and the amount can be determined with sufficient certainty, it is reallocated to the relevant financial liability relating to third-party interests.

Borrowings

Borrowings are initially recognised at fair value net of transaction costs incurred. Subsequent to initial recognition, borrowings are stated at amortised cost.

Net finance costs

Net finance costs comprise interest income from the investment of excess funds in short-term, highly liquid investments, and interest expense and borrowing costs related to the borrowing of funds.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Superannuation expense

Contributions to superannuation are expensed in the period in which they are incurred.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Note 2. Material accounting policies (continued)

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is determined using either the Monte Carlo or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award may be treated as if they were a modification, depending on the specific circumstances of the award.

Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares

When the Group purchases shares in the listed Company, the consideration paid is deducted from total equity and the shares are treated as treasury shares until they are subsequently sold, reissued or cancelled. Where treasury shares are cancelled, the balance is transferred from the treasury share reserve and offset directly against issued capital.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Litigation Capital Management Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the denominator used in the determination of basic earnings per share to include the weighted average number of ordinary shares outstanding and the effect of dilutive potential ordinary shares, such as share options and performance rights.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Key judgements

Consolidation of entities in which the Group holds less than 100% of interests

The Group has assessed the entities in which it has an interest to determine whether or not control exists and the entity is, therefore, consolidated into the Group (refer note 4). Where the Group does not own 100% of interests, the Group makes judgements to determine whether to consolidate the entity in question by applying the factors set forth in AASB 10, including but not limited to the Group's equity and economic ownership interest, the economic structures in use in the entity, the level of control the Group has over the entity through the entity's structure or any relevant contractual agreements, and the rights of other investors.

Significant estimates and assumptions

Fair value measurement of financial assets and liabilities

The Group carries its financial assets and liabilities at fair value, with changes in fair value being recognised in the statement of profit or loss. A valuation methodology based on an income approach.

The fair values of these financial assets and liabilities cannot be measured based on quoted prices in active markets, and as a result a fair value methodology is utilised. The measurement valuation technique includes a discounted cash flow (DCF) model based on the Group's estimated, risk adjusted future cash flows. The adopted discount rate reflects the funding cost of deploying capital, and is intended to capture the time value of money and market factors such as interest rates and foreign exchange rates.

The fair value framework incorporates assumptions, including the discount rate, the timing and amount of expected cash inflows and additional funding, and a risk-adjustment factor reflecting the inherent uncertainty in the cash flows due to litigation risk, which is dependent on observable case progression and milestones.

The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as case progress, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

The key assumptions used to determine the fair value of the litigation funding agreements, financial liabilities related to third-party interests in consolidated entities and sensitivity analyses are provided in note 23.

The Group refined its valuation methodology during the prior period. While the overall framework remains conceptually robust and consistent with industry practice, experience since implementation highlighted opportunities to enhance the setting of key assumptions so that valuations more accurately reflect the Group's risk profile. In particular, refinements were made to:

- Forecast returns: recalibrated to ensure they remain supportable in the context of historical outcomes and available market benchmarks;
- Expected duration: revised to be anchored to objective case milestones and extended to reflect observed delays in resolution; and
- Risk adjustment factors: updated so that recognition of value is more closely aligned to substantive external events rather than procedural steps.

These refinements result in a more conservative recognition profile and are intended to strengthen the robustness and consistency of the Group's fair value determinations. The Group has established a process for reviewing fair value assumptions on an annual basis, with the results of that review submitted to the Audit & Risk Committee in advance of the publication of annual results.

Performance fee clawback obligation

The Company has assessed its potential obligation arising from the performance fee clawback provisions contained within the governing documents of the LCM Global Alternative Returns Fund ("Fund"). Historically, the Company received performance fees of US\$28.9 million in respect of investments successfully realised during the early life of the Fund. Subsequent losses incurred by the Fund have reduced the Fund's overall investment performance and may give rise to an obligation for the Company to return a portion of the performance fees previously received.

Significant judgement is required in determining whether a present obligation exists at the reporting date and whether recognition of a liability is required. In making this assessment, the Company considers the specific terms of the Fund documentation, the overall performance of the Fund, the probability and timing of any future clawback payment, the existence of any present obligation arising from past events, and the extent to which the amount of any potential repayment can be reliably estimated.

The Company also considers the uncertainty associated with future investment outcomes, fund performance, and the ultimate returns achieved by limited partners. These factors may materially affect the amount, if any, that may be required to be repaid under the clawback provisions. Based on management's assessment of the relevant facts and circumstances at the reporting date, judgement has been applied in determining the appropriate accounting treatment and associated disclosures in the financial statements.

Note 4. Segment information

For management purposes, the Group is organised into two operating segments comprising the operations of Litigation Capital Management Limited and its wholly owned subsidiaries ("LCM") and the Group's fund structures ("Fund").

LCM

The LCM column includes the 25% co-investment in the Funds, Balance Sheet investments (ie, 100% investment by LCM) and corporate operations.

Fund 1 & 2

This comprises LCM Global Alternative Returns Fund and LCM Global Alternative Returns Fund II and their entities as disclosed in note 28. AASB 10 Consolidated Financial Statements requires the Group to consolidate fund investment vehicles over which it has exposure to variable returns from the fund investment vehicles. As a result, third party interests in relation to the Funds have been consolidated in the financial statements. The Fund column includes the 75% co-investment in the litigation funding assets and costs of administering the funds.

The following tables reflect the impact of consolidating the results of the Funds with the results for LCM to arrive at the totals reported in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of cash flows.

Consolidated Statement of Comprehensive Income	2026			2025		
	LCM	Fund	Consolidated	LCM	Fund	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income						
Net realised gain/(loss) on investments	(63,889)	(51,879)	(115,768)	22,187	21,456	43,643
Net unrealised loss on investments	(54,127)	(30,542)	(84,669)	(100,103)	(106,664)	(206,767)
Movement in financial liabilities related to third-party interests in consolidated entities	-	81,966	81,966	-	90,133	90,133
Litigation service revenue	41	-	41	-	-	-
Litigation service expense	(34,103)	-	(34,103)	(5,468)	-	(5,468)
Other income	-	-	-	1,356	(1,356)	-
Total loss	(152,076)	(455)	(152,531)	(82,028)	3,569	(78,459)
Expenses						
Employee benefits expense	(7,618)	-	(7,618)	(12,061)	-	(12,061)
Depreciation expense	(70)	-	(70)	(93)	-	(93)
Corporate expenses	(3,342)	-	(3,342)	(4,841)	-	(4,841)
Fund administration expense	-	(1,030)	(1,030)	(1,033)	(932)	(1,965)
Foreign currency gains/(losses)	2,021	1,486	3,507	5,663	(2,636)	3,027
Total operating expenses	(9,009)	455	(8,553)	(12,365)	(3,569)	(15,933)
Operating loss	(161,085)	-	(161,085)	(94,392)	-	(94,392)
Finance costs	(12,512)	-	(12,512)	(7,295)	-	(7,295)
Loss before income tax expense	(173,597)	-	(173,597)	(101,687)	-	(101,687)
Income tax benefit	7,861	-	7,861	28,774	-	28,774
Loss after income tax expense	(165,736)	-	(165,736)	(72,913)	-	(72,913)
Other comprehensive income for the period, net of tax	(2,843)	-	(2,843)	5,128	-	5,128
Total comprehensive income for the period	(168,579)	-	(168,579)	(67,785)	-	(67,785)

Note 4. Segment information (continued)

Consolidated statement of financial position	2026			2025		
	LCM \$'000	Fund \$'000	Consolidated \$'000	LCM \$'000	Fund \$'000	Consolidated \$'000
Assets						
Cash and cash equivalents	2,145	8,270	10,415	8,865	9,582	18,447
Restricted cash	2,171	-	2,171	-	-	-
Trade & other receivables	167	-	167	1,786	-	1,786
Due from resolution of financial assets	21,026	62,831	83,857	28,824	59,377	88,201
Contract costs	18,105	-	18,105	47,988	-	47,988
Financial assets at fair value through profit or loss	62,186	96,418	158,605	124,839	162,896	287,735
Property, plant and equipment	125	-	125	135	-	135
Intangible assets	380	-	380	439	-	439
Other assets	1,027	(7)	1,020	1,180	(347)	833
Total assets	107,332	167,512	274,845	214,056	231,508	445,564
Liabilities						
Trade and other payables	2,239	4,243	6,483	5,538	4,970	10,508
Employee benefits	1,265	-	1,265	1,115	-	1,115
Borrowings	125,512	-	125,512	77,747	-	77,747
Provisions	24,537	(13,878)	10,659	-	-	-
Third-party interests in consolidated entities	-	177,147	177,147	-	226,538	226,538
Deferred tax liability	7,425	-	7,425	15,286	-	15,286
Total liabilities	160,979	167,512	328,491	99,686	231,508	331,194
Net assets	(53,646)	-	(53,646)	114,370	-	114,370

Note 4. Segment information (continued)

Consolidated Statement of Cash Flows	2026			2025		
	LCM	Fund	Consolidated	LCM	Fund	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities						
Proceeds from litigation contracts	2,440	618	3,058	33,566	31,136	64,702
Payments for litigation contracts	(37,711)	(44,604)	(82,315)	(59,762)	(68,404)	(128,166)
Payments to suppliers and employees	(11,102)	(1,498)	(12,600)	(14,928)	(1,482)	(16,411)
Income tax paid	-	-	-	(580)	-	(580)
Net cash used in operating activities	(46,373)	(45,484)	(91,857)	(41,704)	(38,750)	(80,454)
Cash flows from investing activities						
Payments for property, plant and equipment	-	-	-	(6)	-	(6)
Payments for intangibles	-	-	-	(200)	-	(200)
Refund/(payment) of security deposits	110	-	110	(2)	-	(2)
Net cash from/(used) in investing activities	110	-	110	(207)	-	(207)
Cash flows from financing activities						
Payments for treasury and loan shares	-	-	-	(5,318)	-	(5,318)
Dividends paid	-	-	-	(2,680)	-	(2,680)
Proceeds from borrowings	43,087	-	43,087	25,039	-	25,039
Repayments of borrowings	-	-	-	(12,864)	-	(12,864)
Payments of finance costs	(3,499)	-	(3,499)	(6,467)	-	(6,467)
Payments of placement fees related to third-party interests	-	-	-	(1,033)	-	(1,033)
Contributions from third-party interests in consolidated entities	-	44,213	44,213	-	67,106	67,106
Distributions to third-party interests in consolidated entities	-	-	-	-	(33,959)	(33,959)
Net cash from/(used in) financing activities	39,588	44,213	83,801	(3,323)	33,146	29,824
Net decrease in cash and cash equivalents	(6,675)	(1,271)	(7,946)	(45,234)	(5,604)	(50,838)
Cash and cash equivalents at the beginning of the period	8,865	9,582	18,447	53,024	15,089	68,113
Effects of exchange rate changes on cash and cash equivalents	(45)	(41)	(86)	1,075	97	1,171
Cash and cash equivalents at the end of the period	2,145	8,270	10,415	8,865	9,582	18,447

Note 5. Income

	2026			2025		
	LCM	Fund	Consolidated	LCM	Fund	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net realised gain/(loss) on investments¹						
Recoveries on resolved investments	1,094	-	1,094	49,672	94,105	143,777
Reversal of performance fees previously recognised ²	(26,995)	26,995	-	-	-	-
Capital invested on resolved investments	(37,987)	(78,874)	(116,862)	(27,485)	(72,649)	(100,134)
	(63,889)	(51,879)	(115,768)	22,187	21,456	43,643
Net unrealised gain/(loss) on investments³						
Fair value removal on concluded investments	2,966	9,326	12,292	(49,020)	(44,997)	(94,017)
Fair value write down on case losses under appeal	(48,952)	(28,156)	(77,109)	(44,536)	(41,773)	(86,309)
Fair value movement on pre-hearing/trial ongoing investments	(7,671)	(10,408)	(18,079)	(6,824)	(21,292)	(28,115)
Foreign exchange movement on fair value	(468)	(1,305)	(1,773)	276	1,398	1,674
	(54,127)	(30,542)	(84,669)	(100,103)	(106,664)	(206,767)
Total gain/(loss) on investments	(118,015)	(82,422)	(200,436)	(77,915)	(85,208)	(163,124)
Movement in financial liabilities related to third-party interests in consolidated entities	-	81,966	81,966	-	90,133	90,133
Other income	-	-	-	1,356	(1,356)	-
Total income/(loss)	(118,015)	(455)	(118,470)	(76,560)	3,569	(72,991)

1 Realised gains relate to amounts where litigation risk has concluded and amounts are expected to be received by LCM

2 The reversal of performance fees previously recognised comprises two components. A reversal of \$20,372,000 reflects the recognition of the performance fee clawback provision as disclosed in Note 16, representing the estimated liability for previously distributed performance fees that may be required to be returned to the Fund. A further reversal of \$6,623,000 relates to performance fees previously recognised in respect of a specific investment, which continues to be carried as a receivable. The Group has adopted a conservative position and derecognised the performance fee component attributable to that investment

3 Unrealised gains or losses relate to the fair value movement of assets and liabilities associated with litigation contracts

4 The gain and loss related to third party interests in consolidated entities represents realised and unrealised gains and losses that relate to third party funded proportions from LCM controlled entities

Note 5. Income (continued)**Litigation service**

	Consolidated	
	2026	2025
	\$'000	\$'000
Litigation service revenue	41	-
Litigation service expense	(34,103)	(5,468)
	(34,061)	(5,468)
<i>Major service lines</i>		
Revenue attributable to LCM	41	-
Attributable to third party interests	-	-
	41	-
<i>Geographical regions</i>		
Australia	41	-
	41	-

Note 6. Profit/(loss) before tax

	Consolidated	
	2026	2025
	\$'000	\$'000
Profit/(loss) before income tax expense includes the following specific expenses:		
<i>Employee benefits expense</i>		
Salaries & wages	5,191	8,431
Severance payments	617	591
Non-Executive directors' fees	349	420
Superannuation and pension	225	292
Share based payments expense	563	1,117
Other employee benefits & costs	673	1,210
	7,618	12,061
<i>Depreciation</i>		
Plant and equipment	11	28
Intangible assets	59	65
	70	93

Note 6. Profit/(loss) before tax (continued)

	Consolidated	
	2026	2025
	\$'000	\$'000
<i>Corporate expenses</i>		
Corporate & secretary expenses	313	435
General & Administrative Expenses	137	208
Insurance	225	337
Marketing & Advertising	25	68
Occupancy Costs	754	902
Other expenses	66	101
Professional fees	1,048	1,534
Travel & entertainment expenses	111	1,174
Business development expenses	43	-
Strategic review costs	619	83
	3,342	4,841
<i>Fund administration expense</i>		
General administration expenses	1,030	932
Placement fees	-	1,033
	1,030	1,965
<i>Foreign currency gains/(losses)</i>		
Realised foreign exchange loss	2,523	1,053
Unrealised foreign exchange gain	(6,030)	(4,080)
	(3,507)	(3,027)
<i>Finance costs</i>		
Net interest on borrowings	11,878	6,750
Other finance costs	634	545
	12,512	7,295

Note 7. Income tax expense

	Consolidated	
	2026	2025
	\$'000	\$'000
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit/(loss) before income tax expense	(173,597)	(101,687)
At the Group's statutory income tax rate of 30% (2025: 30%)	(52,079)	(30,506)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Foreign tax rate adjustments	1,394	3,863
Share-based payments	957	52
Other assessable income	(897)	181
Other non-deductible expenses	14,532	(2,092)
Deferred tax assets not recognised on provisions	7,361	-
Deferred tax assets not recognised on current year losses	17,604	-
Adjustment in respect of deferred tax of previous years	3,267	(272)
Income tax expense / (benefit)	(7,861)	(28,774)

	Consolidated	
	2026	2025
	\$'000	\$'000
Current tax	-	(437)
Deferred tax	(7,861)	(28,337)
Income tax expense / (benefit)	(7,861)	(28,774)

	Consolidated	
	2026	2025
	\$'000	\$'000
Deferred tax asset/(liability)		
Deferred tax asset/(liability) comprises temporary differences attributable to:		
Tax losses	-	643
Interest deductions denied	-	2,623
Employee benefits	376	333
Accrued expenses	81	80
Expenditure deductible for income tax over time	722	1,356
Share based payments	-	788
Deductible funding on contract costs	(4,280)	(13,000)
Deductible funding on contract costs - lost at trial and under appeal	(4,325)	(4,101)
Fair value adjustments to financial assets	-	(4,008)
Deferred tax asset/(liability)	(7,425)	(15,286)
Movements:		
Opening balance	(15,286)	(43,624)
Charged to profit or loss	7,861	28,337
Closing balance	(7,425)	(15,286)

Note 7. Income tax expense (continued)**Unrecognised temporary differences and tax losses**

Deferred tax assets have not been recognised in respect of the following items:

	2026		2025	
	\$'000 Gross amount	\$'000 Tax effect	\$'000 Gross amount	\$'000 Tax effect
Deductible temporary differences	60,218	16,678	8,745	2,623
Tax losses	62,301	18,073	3,537	991
	122,519	34,751	12,282	3,615

Expiry

Tax losses in Australia and the United Kingdom can be carried forward indefinitely, although Australian losses can only be used if the continuity of ownership test or the business continuity test is met. Net debt deductions denied under Australia's thin capitalisation fixed ratio test are subject to similar continuity tests but are limited to 15 years. Deferred tax assets of \$6,187,000 (2025: \$2,623,000) have not been recognised for these denied deductions, which expire between 30 June 2040 and 30 June 2041.

Note 8. Loss per share

	2026 \$'000	2025 \$'000
Loss after income tax	(165,736)	(72,913)
Loss after income tax attributable to the owners of Litigation Capital Management Limited	(165,736)	(72,913)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	103,019,216	102,942,667
Adjustments for calculation of diluted earnings per share:		
Amounts uncalled on partly paid shares	-	-
Options over ordinary shares	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	103,019,216	102,942,667
	Cents	Cents
Basic loss per share	(160.88)	(70.83)
Diluted loss per share	(160.88)	(70.83)

Dilutive potential shares which are contingently issuable are only included in the calculation of diluted earnings per share where the conditions are met. As at 30 June 2026, there were 1,334,187 shares (2025: 6,107,174 shares) calculated for inclusion in diluted earnings per share, however these were not included due to their anti-dilutive effect.

Note 9. Cash and cash equivalents

	Consolidated	
	2026 \$'000	2025 \$'000
Cash at Bank	2,145	8,865
Cash of third-party interests in consolidated entities	8,270	9,582
	10,415	18,447

Cash attributable to third-party investors is held within consolidated fund investment vehicles and is consolidated in these financial statements. The cash is intended to be used for investments in litigation funding assets and for fund administration activities in accordance with the relevant fund arrangements and is not available for the Group's general corporate purposes.

Note 10. Restricted cash

	Consolidated	
	2026	2025
	\$'000	\$'000
Restricted cash	2,171	-
	2,171	-

Restricted cash represents funds held as security for potential adverse costs in relation to a litigation contract under appeal (refer note 13). The funds are payable if the appeal is unsuccessful. If the appeal is successful the funds will be released to the Group.

Note 11. Trade receivables

	Consolidated	
	2026	2025
	\$'000	\$'000
Due from litigation service	167	1,786
	167	1,786

Note 12. Due from resolution of investments

	2026			2025		
	LCM	Fund	Consolidated	LCM	Fund	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At start of period	28,824	59,377	88,201	3,980	-	3,980
Recoveries on resolved investments (note 5)	1,094	-	1,094	49,672	94,105	143,777
Reversal of performance fees previously recognised (note 5)	(6,623)	6,623	-	-	-	-
Reimbursement of deployed capital	619	618	1,237	901	-	901
Proceeds from litigation funding assets	(1,672)	(618)	(2,290)	(23,686)	(31,136)	(54,821)
Foreign exchange loss	(1,217)	(3,169)	(4,386)	(2,043)	(3,592)	(5,635)
Balance as at end of period	21,026	62,831	83,857	28,824	59,377	88,201

Note 13. Contract costs - litigation contracts

	2026	2025
	\$'000	\$'000
Litigation contracts - ongoing	10,040	39,786
Litigation contracts - lost at trial and under appeal	8,065	8,202
	18,105	47,988

There are a small number of legacy investments which are still being recorded under AASB 15 Revenue from Contracts with Customers due to the timing the contracts were entered into. These are expected to resolve in the short to medium term.

The Group separately discloses litigation contracts lost at first instance where an appeal is on foot, given the distinct recoverability considerations that arise following an adverse judgment. As at 30 June 2026, the contract cost balance includes one such contract with a carrying value of \$8,065,000 (2025: \$8,202,000), and should the appeal fail, this amount would be written off in full.

An adverse judgment is considered as an indicator of impairment, and the carrying value is reassessed at that point and at each subsequent reporting date. The Group carries such investments at 50% of costs invested, having regard to its entitlement on success and historical appeal outcomes in the relevant jurisdictions and in the Group's own portfolio, unless a case-specific reason to depart from that approach exists. The assessment is made across the appeal portfolio as a whole ie, management does not attempt to assign a probability of success to any one of them.

Note 13. Contract costs - litigation contracts (continued)

Reconciliation of litigation contract costs

Reconciliation of the contract costs at the beginning and end of the current period and previous financial year are set out below:

	2026 \$'000	2025 \$'000
Balance at 1 July	47,988	42,072
Additions during the period	4,220	11,384
Realisations of contract assets (note 5)	(34,103)	(5,468)
Balance as at end of period	18,105	47,988

Realisations during the year primarily relate to one matter in which judgment was handed down against the funded party. As a result, the contract costs have been written off in full.

The Group has recognised impairment losses of \$882 (2025: \$5,468) in profit or loss on contract costs for the period ended 30 June 2026.

Note 14. Investments

	2026 \$'000	2025 \$'000
Investments - ongoing	116,983	261,354
Investments - lost at trial and under appeal	41,622	26,380
	158,605	287,735

	2026			2025		
	LCM \$'000	Fund \$'000	Consolidated \$'000	LCM \$'000	Fund \$'000	Consolidated \$'000
At start of period	124,839	162,896	287,735	202,913	262,300	465,213
Deployments	32,872	49,841	82,713	35,969	60,165	96,134
Capital realised during the period (note 5)	(37,987)	(78,874)	(116,862)	(27,485)	(72,649)	(100,134)
Fair value removal on concluded investments (note 5)	2,966	9,326	12,292	(49,020)	(44,997)	(94,017)
Fair value write down on case losses under appeal (note 5)	(48,952)	(28,156)	(77,109)	(44,536)	(41,773)	(86,309)
Fair value movement on pre-hearing/trial ongoing investments (note 5)	(7,671)	(10,408)	(18,079)	(6,824)	(21,292)	(28,115)
Foreign exchange movements	(3,879)	(8,207)	(12,087)	13,820	21,142	34,962
Balance as at end of period	62,186	96,418	158,605	124,839	162,896	287,735

Investments are financial instruments that relate to the provision of capital in connection with legal finance. The Group fund through both direct investments as well as using third party capital via a fund management model. The table above sets forth the changes in litigation funding assets at the beginning and end of the relevant reporting periods.

Note 14. Investments (continued)

Summary of stage	2026			2025		
	LCM	Fund	Consolidated	LCM	Fund	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investments - ongoing	37,083	79,900	116,983	108,105	153,249	261,354
Investments - lost at trial and under appeal	25,104	16,518	41,622	16,733	9,647	26,380
	62,186	96,418	158,605	124,839	162,896	287,735

As disclosed in note 13, the Group separately discloses litigation investments lost at first instance where an appeal is on foot, given the distinct recoverability considerations that arise following an adverse judgment. As at 30 June 2026, three such investments had a combined carrying value of \$41,622,000 (2025: \$26,380,000); should all current appeals fail, this amount would be written off in full.

The approach applied to these investments is consistent with that described in note 13 and note 23 ie, management does not assign a probability of success to any individual appeal, with the assessment made across the portfolio as a whole.

Note 15. Trade and other payables

	2026	2025
	\$'000	\$'000
Trade payables	6,191	10,227
Other payables	292	281
	6,483	10,508

Note 16. Provisions

	2026			2025		
	LCM	Fund	Consolidated	LCM	Fund	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Provision – Adverse costs	4,165	6,495	10,659	-	-	-
Provision – Performance fee clawback	20,372	(20,372)	-	-	-	-
	24,537	(13,878)	10,659	-	-	-

Adverse costs

The Group recognises a provision for adverse costs where a funded matter has been lost at first instance and/or is under appeal and management considers it probable that the funded party may be ordered to pay the successful party's costs. Such provisions are not limited to matters under appeal and may also relate to unsuccessful matters that are not expected to proceed to appeal. For matters under appeal, the related asset may continue to be recognised where there is potential for future economic benefits. For unsuccessful matters where no appeal is expected, the related asset is derecognised, while any remaining probable exposure to adverse costs continues to be recognised as a provision until the final ruling. Adverse costs are the legal costs of the successful party that the unsuccessful party may be ordered to pay in cost-shifting jurisdictions. The Group mitigates this exposure through after-the-event ("ATE") insurance.

The Group assesses each funded matter for the probability of having to pay adverse costs and whether its ATE cover is adequate. The provision reflects the specific circumstances of the three matters concerned, taking into account the judgment, any appeal, the expected costs order, and the term of the funding agreement and ATE policy. The provision covers the estimated costs in excess of the ATE insurance held for each matter. Uninsured adverse costs exposure on matters yet to be determined is disclosed as a contingent liability where an outflow is more than remote (see Note 26).

As at 30 June 2026, the Group had an adverse costs provision of \$10,659,000 (2025: nil) relating to three matters. Of this, \$4,165,000 is attributable to LCM, with the balance attributable to third-party investors in Fund 1. Two of the matters are Fund 1 investments. The third is funded directly by LCM and is under appeal, whilst the adverse costs exposure is not certain, it is deemed probable on the basis of past events, as the funded party may be ordered to pay the successful party's costs. The provision relating to that matter will be released if the appeal succeeds. The amounts are expected to be paid within 12 months.

Note 16. Provisions (continued)

Performance fee clawback

The Company ("LCM") has historically received US\$28.9 million of performance fees from the LCM Global Alternative Returns Fund ("Fund"). These performance fees related to investments that were successfully realised during the early life of the Fund. Following losses subsequently incurred by the Fund, its overall investment performance has deteriorated. Under the clawback provisions in the Fund documentation, performance fees previously distributed to LCM may be required to be returned to the Fund to ensure that the performance fees ultimately retained by LCM are aligned with the Fund's overall performance and the returns achieved for LPs. This exposure was disclosed as a contingent liability in the financial statements for the six month period ended 31 December 2025.

The provision recognised represents management's best estimate of the present obligation at the reporting date. Although the maximum potential performance fee exceeds the amount recognised, management considers the likelihood of an additional outflow in respect of the difference to be remote. Accordingly, the difference has not been recognised as a provision or disclosed as a contingent liability.

Having completed a detailed assessment of the remaining portfolio in Fund 1 following a number of case losses in the second half of FY26 and the projected trajectory of returns to close, the Directors concluded that repayment of a portion of previously distributed performance fees is probable.

At 30 June 2026, LCM has recognised a performance fee clawback provision of US\$14.0 million (AUD equivalent: \$20.372 million) (2025: nil), representing the discounted value of the estimated liability. The amount is subsequently allocated to financial liabilities relating to third-party interests in consolidated entities when the obligation becomes contractually enforceable, can be measured with sufficient certainty and is attributable to a specific fund.

Note 17. Borrowings

	2026 \$'000	2025 \$'000
Borrowings	125,512	77,747
	125,512	77,747

Reconciliation of borrowings of LCM:

	2026 \$'000	2025 \$'000
Balance 1 July	77,747	61,917
Proceeds from borrowings	43,087	25,039
Non-cash interest capitalised	9,075	-
Repayment of borrowings	-	(12,864)
Payments for borrowing costs	(1,431)	(487)
Non-cash borrowing costs	(113)	-
Interest accrued	2,085	6,884
Payments of interest	(2,113)	(6,879)
Amortisation	1,342	611
Refinance - foreign exchange movements	-	1,522
Foreign exchange movements	(4,167)	2,005
Balance as at end of period	125,512	77,747

On 2 December 2024, LCM refinanced its credit facility with Northleaf Capital Partners for an initial amount of US\$75,000,000 (the "Facility"), with the ability to increase the facility by a further US\$75,000,000 to a total commitment of US\$150,000,000. During the year ended 30 June 2026, the Facility was increased from US\$75,000,000 to US\$100,000,000.

Interest is calculated by reference to the applicable currency benchmark, being the US Federal Funds Rate for USD drawings, the Bank Bill Swap Reference Rate (BBSY) for AUD drawings, and SONIA for GBP drawings (with fallback to the Bank of England base rate), together with a 5.25% margin.

Note 17. Borrowings (continued)

The Facility has an overall term of four years and is secured against LCM's assets. As at 30 June 2026, LCM's outstanding utilisation amounted to US\$18,182,000 on the initial credit facility, an AUD equivalent of \$26,281,000¹.

LCM agreed to various debt covenants including a minimum effective net tangible worth, borrowings as a percentage of effective net tangible worth, minimum liquidity, a minimum consolidated EBIT and a minimum multiple of invested capital on concluded contract assets over a specified period.

LCM incurred costs in relation to arranging the Facility of \$4,995,000 which were reflected transactions costs and will be amortised over the 4 year term of the borrowings. As at 30 June 2026, \$3,965,000 of these loan arrangement fees remained outstanding.

1 Converted at the functional currency spot rates of exchange at the reporting date

Covenant compliance & waivers

During the period, certain covenant requirements were subject to waiver by the lender. Under the terms of the waiver, a fee of 1.5% was charged on the outstanding principal and capitalised into the loan balance, and the applicable interest margin was increased by 2.00% per annum. As a result of the waivers obtained, the Group was in compliance with the terms of the Facility, as amended by those waivers.

On 30 September 2026, the Group entered into a long-term amendment to its debt facility with Northleaf Capital Partners (Canada) Ltd. The amendment increased the facility limit from US\$100 million to US\$125 million and replaced the previous financial covenants with covenants more appropriately aligned to the run-off profile of the Group's portfolio. The facility matures on 31 December 2030. Refer to Note 30 regarding events occurring subsequent to the reporting date for further information.

Note 18. Financial liabilities related to third-party interests in consolidated entities

	2026 \$'000	2025 \$'000
Balance 1 July	226,538	264,950
Proceeds - capital contributions from Limited Partners	44,213	67,106
Payments - distributions to Limited Partners	-	(33,959)
Movement on financial liabilities related to third-party interests in consolidated entities (note 5)	(81,966)	(90,133)
Non-cash movements in third-party assets and liabilities	(11,498)	9,705
Foreign exchange movements	(140)	8,869
Balance as at end of period	177,147	226,538

Note 19. Equity - issued capital

	2026 Shares	2025 Shares	2026 \$'000	2025 \$'000
Ordinary shares - fully paid	103,136,380	102,690,913	62,147	61,494
Ordinary shares - loan share plan and Employee Benefit Trust	11,144,917	11,590,384	(860)	(860)
	114,281,297	114,281,297	61,286	60,634

	2026 Shares	2026 \$'000	2025 Shares	2025 \$'000
<i>Movements in ordinary share capital:</i>				
Balance at 1 July	102,690,913	61,494	104,118,534	69,990
Options exercised	445,467	652	740,764	1,359
Share Buy-Back Programme (treasury shares)	-	-	(2,168,385)	-
Treasury shares cancelled	-	-	-	(9,854)
Balance at period end	103,136,380	62,147	102,690,913	61,494

Note 19. Equity - issued capital (continued)

Movements in ordinary shares issued under loan share plan ('LSP') and held by Employee Benefit Trust:

	2026		2025	
	Shares	\$'000	Shares	\$'000
Balance 1 July	11,590,384	(860)	12,331,148	-
Options exercised	(445,467)	-	(666,547)	-
LSPs exercised	-	-	(858,736)	-
LSPs purchased by EBT	-	-	784,519	(860)
Balance at period end	11,144,917	(860)	11,590,384	(860)

Reconciliation of ordinary shares issued under LSP:

	2026	2025
Total shares allocated under existing LSP arrangements with underlying LSP shares (note 29)	6,550,366	6,642,872
Less shares allocated under existing LSP arrangements without underlying LSP shares (note 29)	(128,961)	(221,467)
Shares held by LCM Employee Benefit Trust for future allocation under employee share and option plans	4,723,512	5,168,979
	11,144,917	11,590,384

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Ordinary shares - under loan share plan ('LSP')

The Company has an equity scheme pursuant to which certain employees may access a LSP. The acquisition of shares under this LSP is fully funded by the Company through the granting of a limited recourse loan. The shares under LSP are restricted until the loan is repaid. The underlying options within the LSP have been accounted for as a share-based payment. Refer to note 29 for further details. When the loans are settled the shares are reclassified as fully paid ordinary shares, the equity will increase by the amount of the loan repaid, and the shares are no longer subject to any plan-related restrictions or conditions.

Ordinary shares - held by Employee Benefit Trust

The Employee Benefit Trust ('EBT') holds performance related shareholdings awarded to former executive which did not vest. The Trust holds 4,723,512 shares which remain unallocated as at 30 June 2026 (2025: 5,168,979).

Ordinary shares - partly paid

As at 30 June 2026, there are currently 1,433,022 partly paid shares issued at an issue price of \$0.17 per share. No amount has been paid up and the shares will become fully paid upon payment to the Company of \$0.17 per share. As per the terms of issue, the partly paid shares have no maturity date and the amount is payable at the option of the holder.

Partly paid shares entitle the holder to participate in dividends and the proceeds of the Company in proportion to the number of and amounts paid on the shares held. The partly paid shares do not carry the right to participate in new issues of securities. Partly paid shareholders are entitled to receive notice of any meetings of shareholders. The partly paid shareholders are entitled to vote in the same proportion as the amounts paid on the partly paid shares bears to the total amount paid and payable.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity as recognised in the statement of financial position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the 30 June 2025 Annual Report.

Note 20. Equity - reserves

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share based payments reserve \$'000	Foreign currency translation \$'000	Total reserves \$'000
Balance at 1 July 2024	3,240	615	3,855
Movements in reserves during the period	(146)	5,128	4,983
Balance at 30 June 2025	3,094	5,744	8,838
Movements in reserves during the period	(89)	(2,843)	(2,932)
Balance at 30 June 2026	3,005	2,901	5,906

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Foreign currency translation reserve

This reserve is used to record differences on the translation of the assets and liabilities of foreign operations.

Note 21. Equity - dividends

	2026 \$'000	2025 \$'000
Ordinary dividend paid (2026: nil, 2025: 1.25 cents)	-	2,680

Franking credits

The franking credits available to the Group as at 30 June 2026 are \$5,000 (2025: \$5,000).

Note 22. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Financial instruments of the Group is comprised of litigation funding assets classified as financial assets at FVTPL and financial liabilities at FVTPL related to third party interests with the remaining financial instruments held at amortised cost.

Note 22. Financial instruments (continued)

Market risk

Foreign currency risk

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets	Liabilities	Assets	Liabilities
	2026	2026	2025	2025
Consolidated	\$'000	\$'000	\$'000	\$'000
US dollars	108,899	(41,963)	123,298	(41,950)
Pound Sterling	(40)	(28,369)	9,359	(20,150)
Singapore Dollars	1,220	-	469	-
Other	5	(1)	60	(72)
	110,084	(70,332)	133,186	(62,172)

The Group had net assets denominated in foreign currencies of \$39,752,000 (assets of \$110,084,000 less liabilities of \$70,332,000) as at 30 June 2026 (2025: net assets \$71,014,000). Based on this exposure, had the Australian dollars weakened or strengthened by 10% against these foreign currencies with all other variables held constant, the Group's profit before tax for the year would have increased and decreased respectively by \$3,975,000 (2025: \$7,101,000). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 12 months. The actual realised foreign exchange loss for the year ended 30 June 2026 was \$2,523,000 (2025: loss of 1,053,000). The movement in the foreign currency translation reserve for the year ended 30 June 2026 was a loss of \$2,843,000 (2025: gain \$5,128,000).

Foreign exchange risk arises mainly from litigation funding assets and borrowings which are denominated in a currency that is not the functional currency in which they are measured. The risk is monitored using sensitivity analysis and cash flow forecasting. The Group's contract cost assets are not hedged as those currency positions are considered to be long term in nature.

Interest rate risk

The Group is exposed to changes in market interest rates primarily through:

- Cash holdings with a floating interest rate; and
- A US\$100,000,000 (AUD equivalent of \$147,376,000¹) variable rate debt facility, which includes fixed capitalised borrowing costs as at 30 June 2026.

As disclosed in Note 17, LCM refinanced its credit facility with Northleaf Capital Partners on 2 December 2024 and increased the facility commitment to US\$100,000,000 during the period. The four-year facility bears interest at the relevant rate plus 5.25% and replaced the Group's previous fixed-rate borrowings, creating new exposure to variable interest rate risk.

At 30 June 2026, the Group's financial instruments subject to variable interest rate risk were:

	2026	2025
	\$'000	\$'000
Cash & cash equivalents	10,415	18,447
Borrowings	(125,512)	(77,747)
Net exposure	(115,097)	(59,300)

The Group monitors interest rate exposures across all currencies, considering expected market movements, cash requirements, refinancing options and the mix of fixed and variable rate borrowings.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

Note 22. Financial instruments (continued)

At 30 June 2026, if interest rates had moved with all other variables held constant, post-tax profit and equity would have been affected as follows:

	Post Tax Profit		Equity	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
100bps higher interest rates	(806)	(415)	(806)	(415)
100bps lower interest rates	806	415	806	415

Credit risk

Credit risk refers to the risk that on becoming contractually entitled to a settlement or award a defendant will default on its contractual obligation to pay resulting in financial loss to the Group. The Group assesses the defendants in the matters funded by the Group prior to entering into any agreement to provide funding and continues this assessment during the course of funding. Whenever possible the Group ensures that security for settlements sums is provided, or the settlements funds are placed into solicitors' trust accounts. However, the Group's continual monitoring of the defendants' financial capacity mitigates this risk.

The maximum credit risk exposure represented by cash, cash equivalents, trade and other receivables, due from resolution of financial assets and contract costs is specified in the consolidated statements of financial position. The exposure for financial assets held at amortised cost is the carrying amount, net of any provisions for impairment of those assets, which includes cash, cash equivalents and trade and other receivables. The Group does not hold any collateral. For financial assets measured at fair value, credit risk is incorporated into the valuation techniques applied (refer note 23).

To mitigate credit risk on cash and cash equivalents, the Group holds cash with Australian and American financial institutions with at least an AA- credit rating.

The Group applies the simplified approach to recognise impairment on settlement and receivable balances based on the lifetime expected credit loss at each reporting date. The Group reviews the lifetime expected credit loss rate based on historical collection performance, the specific provisions of any settlement agreement, assessments of recoverability during the due diligence process and a forward-looking assessment of macro-economic factors however note that the Group's operations are generally uncorrelated to market conditions and therefore has little to no impact on the recoverability of the Group's financial assets.

For trade receivables and due from resolution of financial assets, at every reporting date, the Group evaluates whether the trade receivables and due from resolution of financial assets is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses indicators of changes in credit quality of their counterparties. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due or if sufficient indicators exist that the debtor is unlikely to pay. Refer to note 11 and 12 for the respective notes on these items. Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Management also monitors whether there has been a significant increase in credit risk of LFAs relative to initial recognition. This assessment is performed through ongoing review of case progression, achievement of key milestones, counterparty performance, and enforceability of settlements or awards. Where significant increases in credit risk are identified, these are reflected in the fair value measurement through reductions in expected cash flows or, where recovery is no longer expected, a full write-off of the asset. As at the reporting date, no significant increases in credit risk beyond those already incorporated into the fair value measurement have been identified.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 22. Financial instruments (continued)

Remaining contractual maturities

The maturity profile of the Group's financial liabilities based on contractual maturity on an undiscounted basis are:

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	No contractual maturity date \$'000	Total \$'000
Consolidated - 2026					
Financial liabilities					
Trade payables	6,191	-	-	-	6,191
Other payables	292	-	-	-	292
Borrowings	11,977	144,354	-	-	156,331
Third-party interest in consolidated entities	-	-	-	177,147	177,147
Total non-derivatives	18,460	144,354	-	177,147	339,961
	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	No contractual maturity date \$'000	Total \$'000
Consolidated - 2025					
Financial liabilities					
Trade payables	10,221	-	-	-	10,221
Other payables	286	-	-	-	286
Borrowings	8,396	97,381	-	-	105,777
Third-party interest in consolidated entities	-	-	-	226,538	226,538
Total non-derivatives	18,903	97,381	-	226,538	342,822

Note 23. Fair value measurement

The fair value measurements used for all assets and liabilities held by the Group listed below are level 3:

Assets	2026 \$'000	2025 \$'000
Litigation funding assets		
APAC	88,360	81,220
EMEA	70,244	206,515
Total Level 3 assets	158,605	287,735
Liabilities		
Financial liabilities related to third-party interests in consolidated entities	177,147	226,538
Total Level 3 liabilities	177,147	226,538

Refer note 14 for movements in level 3 assets and note 18 for movements in level 3 liabilities. There were no transfers into or out of level 3 during the period ended 30 June 2026.

As at 30 June 2026, the financial liability due to third-party interests is \$177,147,000 (2025: \$226,538,000), recorded at fair value as represented in note 18. Amounts included in the consolidated statement of financial position represent the fair value of the third-party interests in the related financial assets and the amounts included in the consolidated statement of profit or loss and other comprehensive income represent the third-party share of any gain or loss during the period, see note 4.

Sensitivity of Level 3 Valuations

The Group's fair value policy provides for ranges of percentages to be applied against the risk adjustment factor to more than 159 discrete objective litigation events. The tables below set forth each of the key unobservable inputs used to value the Group's LFA assets and the applicable ranges and weighted average by relative fair value for such inputs.

Note 23. Fair value measurement (continued)

LFA assets are fair valued using an income approach which is the technique adopted for LFA Assets. Under the income approach, future cash flows associated with; cash out flows, including investments and deployments, and cash inflows such as settlements or resolutions, are converted to a single current (discounted) amount, reflecting current market expectations about those future amounts. That is, the amount that could reasonably be expected to be paid to acquire the asset at that point in time. In developing our framework we also looked to Industry peers for alignment in methodology, the benefit being that adopting a similar methodology provides a level of comparability. Similar to industry peers, the framework developed applied probabilities based on observable milestones for each investment within the portfolio as well as making informed assumptions around inputs such as discount rates, timing and risk factors, all of which are considered Level 3 inputs. In cases where cash flows are denominated in a foreign currency, forecasts are developed in the applicable foreign currency and translated to AUD dollars.

A Discounted Cash Flow approach is then applied to each underlying investment on an individual basis to arrive at a net present value of the future expected cash flows.

The cash flow forecast is updated each reporting period, based on the best available information on progress of the underlying matter at the time. These objective events could include, among others:

- Stage of the investment
- ongoing developments
- progress
- recovery or sovereign risk
- legal team expertise
- other factors impacting the expected outcome

Each reporting period, the updated risk-adjusted cash flow forecast is then discounted at the then current discount rate to measure fair value. The discount rate includes an applicable risk-free rate and credit spread to incorporate both market and idiosyncratic asset-class risk.

As at 30 June 2026, three investments where the funded party was unsuccessful at first instance remained subject to appeal. Their fair value was \$41,622,000 (2025: \$26,380,000), and they are classified within Level 3 of the fair value hierarchy. The LCM portion of this value was \$25,104,000 (2025: \$16,733,000) or 43% of the litigation investment portfolio fair value.

An adverse first instance judgment changes the nature of an investment. Recovery becomes dependent on the outcome of the appeal, which may be some time away, and the Group may be required to fund further costs in the meantime. Where the appeal succeeds, the matter may be finally determined, remitted for retrial or settled, and the Group's recovery in each of those outcomes may differ.

Following an adverse judgment, the investment is carried at 50% of costs invested unless case-specific factors indicate otherwise. Management considers this a reasonable estimate of fair value given the uncertainty of the appeal outcome. Management tests the carrying value by comparing the aggregate carrying value of the appeal cases with the Group's aggregate contractual entitlement on success and with historical appellant success rates in the relevant courts and in the Group's own portfolio. That comparison is made across the appeal cases as a whole, not case by case, as the number of cases is small and their circumstances differ. Appeal-stage investments are reviewed at each reporting date.

As at 30 June 2026, the Group's aggregate contractual entitlement if all current appeals succeed was approximately A\$190 million. This is a gross figure before timing, further funding, any retrial or remittal, and the possibility of settlement, and neither it nor the carrying value should be read as an implied probability of success. Management considers the valuation of appeal-stage litigation funding assets to be one of the most significant sources of estimation uncertainty within the Group's Level 3 fair value measurements.

Additional disclosure – valuation uncertainty and variability of outcomes

The fair value of litigation funding assets represents the Group's estimate of the value of its contractual entitlement under funding arrangements and does not represent the gross value of the underlying legal claims. The Group's contractual entitlement may be determined by reference to reimbursement of deployed capital, a percentage of proceeds recovered, a contractual multiple of invested capital, or other agreed return mechanisms, and therefore may differ significantly from the total value of any settlement, judgment or award.

The ultimate outcome of litigation and arbitration proceedings is inherently uncertain. Individual matters may result in recoveries materially above or below their carrying values and, in certain circumstances, may result in no recovery. Conversely, favourable legal, procedural, settlement or enforcement developments may result in recoveries substantially in excess of carrying value. As a result, the carrying value of individual litigation funding assets should not be interpreted as a prediction of the amount that will ultimately be realised.

Note 23. Fair value measurement (continued)

Key assumptions applied in determining fair value include estimated recoveries, expected timing of resolution, future funding requirements, procedural stage, enforcement risk, counterparty recovery risk and discount rates. Changes in any of these assumptions may result in material increases or decreases in fair value. In particular, litigation outcomes are affected by legal developments, judicial decisions, settlement negotiations, appeal outcomes and enforcement processes, many of which are outside the control of the Group.

The Group categorises these assets as Level 3 fair value measurements because the valuations incorporate significant unobservable inputs and management judgement. While discount rates are a significant input within the valuation methodology, the principal sources of valuation uncertainty arise from assumptions regarding expected recoveries, the timing of those recoveries, future deployment requirements and the assessment of litigation-specific risks. Accordingly, actual outcomes may differ materially from the estimates reflected in the reported fair values.

The Group regularly reviews all significant assumptions and updates fair value assessments where new information becomes available. The progression of matters through key litigation milestones may result in significant changes in fair value from one reporting period to the next, and the passage of time alone does not necessarily result in an increase in fair value.

30 June 2026

Item	Valuation technique	Unobservable Input	Min	Max	Weighted average	
Litigation funding asset	Discounted cash flow	Discount rate	11.00%	11.00%	11.00%	-
		Duration	1.92	9.17	6.12	
		Adjusted risk premium	(50%)	80%	(1%)	
		Adjusted risk premium - case milestone:	Min¹	Max¹	Weighted average	% of portfolio²
		Pre-commencement & commenced	0%	0%	0%	49%
		Pleadings	0%	10%	3%	6%
		Discovery & evidence	10%	20%	10%	14%
		Significant ruling or other objective event prior to trial court judgment	20%	65%	57%	1%
		Settlement	90%	90%	0%	0%
		Trial court judgment or tribunal award	(100%)	75%	0%	0%
		Appeal judgment	(100%)	80%	(45%)	22%
		Enforcement	(50%)	80%	78%	8%

30 June 2025

Item	Valuation technique	Unobservable Input	Min	Max	Weighted average	
Litigation funding asset	Discounted cash flow	Discount rate	10.20%	10.90%	10.60%	-
		Duration	2.42	7.67	5.45	
		Adjusted risk premium	(60%)	80%	10%	
		Adjusted risk premium - case milestone:	Min¹	Max¹	Weighted average	% of portfolio²
		Pre-commencement & commenced	0%	0%	0%	56%
		Pleadings	0%	10%	2%	9%
		Discovery & evidence	10%	20%	15%	10%
		Significant ruling or other objective event prior to trial court judgment	20%	65%	64%	6%
		Settlement	90%	90%	-	0%
		Trial court judgment or tribunal award	(100%)	75%	(22%)	8%
		Appeal judgment	(100%)	80%	(46%)	8%
		Enforcement	80%	80%	80%	3%

1 Minimum and maximum within each cohort represent the actual adjusted risk premiums applied in the period

2 Percentage of portfolio represents the percentage of the book within the cohort

Note 23. Fair value measurement (continued)

At each reporting period, the Group reviews the fair value of each litigation funding asset in connection with the preparation of the consolidated financial statements. A fair value of 10% higher or lower, while all other variables remain constant, in financial assets at fair value through profit or loss would have increased or decreased the Group's income and net assets by \$15,861,000 as at 30 June 2026 (30 June 2025: \$28,774,000). Similarly, a fair value of 10% higher or lower, while all other variables remain constant, in financial liabilities at fair value through profit or loss would have increased or decreased the Group's income and net assets by \$17,715,000 as at 30 June 2026 (30 June 2025: \$22,654,000).

At 30 June 2026, should discount rates been 50 bps or 100 bps higher or lower than the actual discount rate used in the fair value estimation, while all other variables remained constant, consolidated income and net assets would have increased and decreased by the following amounts:

	2026 \$'000	2025 \$'000
Hypothetical Change		
100bps lower interest rates	65	519
50bps lower interest rates	32	257
100bps higher interest rates	(65)	(502)
50bps higher interest rates	(32)	(253)

Reasonably possible alternative assumptions

The determination of fair value for litigation funding assets involves significant judgements and estimates. While the potential range of outcomes for the assets is wide, the Group's fair value estimation is its best assessment of the current fair value of each asset, as applicable. Such estimate is inherently subjective, being based largely on an assessment of how individual events have changed the possible outcomes of the asset, as applicable, and their relative probabilities and hence the extent to which the fair value has altered. The aggregate of the fair values selected falls within a wide range of reasonably possible estimates. In the Group's opinion, there is no useful alternative valuation that would better quantify the market risk inherent in the portfolio and there are no inputs or variables to which the values of the assets are correlated other than interest rates which impact the discount rates applied.

Note 24. Key management personnel disclosures**Compensation**

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2026 \$	2025 \$
Short-term employee benefits	2,207,702	2,918,408
Post-employment benefits	46,519	54,934
Long-term benefits	18,333	12,291
Share-based payments	283,644	402,653
	2,556,198	3,388,286

Details of the remuneration of key management personnel of the Group are set out in the following tables.

Note 24. Key management personnel disclosures (continued)

	Cash salaries and fees	Bonus	Benefits	Accrued leave	Superannuation/ Pension	Long service leave	Share-based payments	Total
2026	\$	\$	\$	\$	\$	\$	\$	\$
Non-executive Directors								
Dr David King	115,875	-	-	-	13,905	-	-	129,780
Jonathan Moulds	229,330	-	-	-	-	-	-	229,330
	345,205	-	-	-	13,905	-	-	359,110
Executive directors & other executives								
Patrick Moloney	1,100,000	-	-	69,808	30,000	18,333	283,644	1,501,785
David Collins	692,689	-	-	-	2,614	-	-	695,303
	1,792,689	-	-	69,808	32,614	18,333	283,644	2,197,088
	2,137,894	-	-	69,808	46,519	18,333	283,644	2,556,198

	Cash salaries and fees	Bonus	Benefits	Accrued leave	Superannuation/ Pension	Long service leave	Share-based payments	Total
2025	\$	\$	\$	\$	\$	\$	\$	\$
Non-executive Directors								
Dr David King	115,594	-	-	-	13,293	-	-	128,887
Jonathan Moulds	230,576	-	-	-	-	-	-	230,576
Gerhard Seebacher ¹	70,492	-	-	-	-	-	-	70,492
	416,661	-	-	-	13,293	-	-	429,954
Executive Directors								
Patrick Moloney	1,209,885	117,295	156,954	56,298	13,393	12,291	402,653	1,968,768
David Collins ²	698,580	-	188	-	1,994	-	-	700,762
Mary Gangemi ³	262,547	-	-	-	26,255	-	-	288,802
	2,171,012	117,295	157,143	56,298	41,641	12,291	402,653	2,958,332
	2,587,673	117,295	157,143	56,298	54,934	12,291	402,653	3,388,286

¹ Resigned as Director 15 January 2025

² Appointed as Director 29 November 2024

³ Resigned as Director 5 September 2024. The amounts disclosed for Ms Gangemi represent payments made in connection with her cessation of employment, including notice period entitlements, and are classified as termination benefits.

Note 24. Key management personnel disclosures (continued)

Directors' share options

The details of options over ordinary shares in the Company held during the financial year by each Director is set out below:

Name of the Director	Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year ¹
Patrick Moloney	19/11/2018	25/11/2028	\$0.47	1,595,058	-	-	-	1,595,058
Patrick Moloney	04/12/2017	04/12/2027	\$0.60	1,000,000	-	-	-	1,000,000
Patrick Moloney	04/12/2017	04/12/2027	\$0.60	1,000,000	-	-	-	1,000,000
Patrick Moloney	01/11/2019	01/11/2029	£0.7394	777,600	-	-	-	777,600
Patrick Moloney	13/10/2020	13/10/2030	£0.6655	291,597	-	-	-	291,597
Patrick Moloney	27/10/2021	27/10/2031	£1.06	279,232	-	-	-	279,232
Patrick Moloney ²	27/10/2021	27/10/2031	£1.06	900,000	-	-	-	900,000
Patrick Moloney	07/10/2022	07/10/2032	£0.00	56,426	-	(56,426)	-	-
Patrick Moloney	07/10/2022	07/10/2032	£0.00	3,303,796	-	-	(3,303,796)	-
Patrick Moloney	04/10/2023	04/10/2033	£0.00	111,362	-	(55,681)	-	55,681
Patrick Moloney	04/10/2024	04/10/2034	£0.00	122,302	-	(40,767)	-	81,535
				9,437,373	-	(152,874)	(3,303,796)	5,980,703

1 Outstanding share options as disclosed in Note 29.

2 On 27 October 2021, Patrick Moloney exercised 900,000 unlisted options at an exercise price of A\$1.00 which were granted under the Employee share option scheme. Upon exercise, the Group issued 900,000 new ordinary shares in the capital of the Group to Patrick Moloney which have been granted under the Loan Share Plan with the sole purpose to fund the exercise price of the 900,000 unlisted options

Directors' interests

The number of shares in the Company held at the end of the financial year by each Director is set out below:

Name of the Director	Description of shares	30 June 2026	30 June 2025
		Number	Number
Jonathan Moulds	Fully paid ordinary shares	5,250,000	5,250,000
Dr David King	Fully paid ordinary shares	1,951,484	1,951,484
Patrick Moloney	Fully paid ordinary shares	4,465,227	4,312,353
Patrick Moloney	Unlisted partly paid shares ¹	1,433,022	1,433,022
David Collins	N/A	-	-

1 Unlisted partly paid shares in the Company were issued at a price of \$0.17 per share, wholly unpaid and will convert to a share upon payment to the Company of \$0.17 per share. Further details provided in Note 19 to the financial statements.

No changes took place in the interest of the directors between 30 June 2026 and 30 September 2026.

Note 25. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the Company, and its network firms:

	Consolidated	
	2026	2025
	\$	\$
Audit Services - BDO Audit Pty Ltd		
Audit or review of financial report	236,723	186,560
	236,723	186,560
Audit Services - Firms related to BDO Audit Pty Ltd		
Audit of statutory report of controlled entities	194,761	182,626
	194,761	182,626
Audit Services - Unrelated Firms		
Audit of statutory report of controlled entities	76,800	75,668
	76,800	75,668

Note 26. Contingent liabilities

Under-insured adverse costs exposure

In certain jurisdictions, litigation funding arrangements entered into by the Group include undertakings to meet adverse costs awarded to the successful party in the event that funded litigation is unsuccessful. The occurrence and quantum of any adverse cost award is inherently uncertain and dependent on the outcome of litigation proceedings, and accordingly it is not possible to predict whether or when such costs may be incurred.

The Group maintains adverse costs insurance arrangements (commonly referred to as after-the-event or ATE insurance) which mitigate the financial impact of adverse cost awards. While these arrangements substantially reduce the Group's exposure, a residual risk may exist in respect of adverse cost awards that may not be fully covered by insurance.

As at the reporting date, based on the Group's assessment of its currently funded investments, the potential exposure to adverse costs not covered by insurance remains contingent on the outcome of litigation matters and cannot be reliably predicted or measured with sufficient certainty for recognition as a provision. Based on current information and reasonable assumptions, should one or more funded matters be unsuccessful and adverse cost awards be made which are not fully covered by insurance, the Group estimates that the potential under-insured adverse cost exposure for LCM could be up to A\$2.5 million.

In forming this assessment, the Group has considered the status of funded proceedings, applicable insurance arrangements, historical experience, jurisdictional factors, and the inherent uncertainties in litigation outcomes.

Note 27. Parent entity information

Set out below is the supplementary information about the parent entity, Litigation Capital Management Limited.

	Consolidated	
	2026 \$'000	2025 \$'000
Statement of profit or loss and other comprehensive income		
Profit/(loss) after income tax	4,642	10,792
Total comprehensive income	4,642	10,792

Statement of financial position

Total assets	97,506	99,710
Total liabilities	(2,705)	(10,114)
Equity		
Issued capital	61,286	60,634
Share based payments reserve	3,005	3,095
Retained earnings	30,510	25,868
Total equity	94,801	89,596

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

In accordance with ASIC relief, Litigation Capital Management Limited (as holding entity), LCM Operations Pty Ltd, LCM Litigation Fund Pty Ltd, LCM Corporate Services Pty Ltd, LCM Recoveries Pty Ltd, LCM Funding Pty Ltd, LCM Singapore Pty Ltd, LCM Funding SG Pty Ltd and LCM Group Holdings Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. The specified subsidiaries represent a 'closed group' for the purposes of the guarantee, and as there are no other parties to the Deed that are controlled by the Group, they also represent the 'extended closed group'.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2026 and 30 June 2025.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2026 and 30 June 2025.

Material accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 28. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership Interest	
		2026 %	2025 %
LCM Litigation Fund Pty Ltd	Australia	100%	100%
LCM Operations Pty Ltd	Australia	100%	100%
LCM Corporate Services Pty Ltd	Australia	100%	100%
LCM Singapore Pty Ltd	Australia	100%	100%
LCM Recoveries Pty Ltd	Australia	100%	100%
LCM Advisory Limited	Australia	100%	100%
LCM Funding Pty Ltd	Australia	100%	100%
LCM Funding SG Pty Ltd	Australia	100%	100%
LCM Corporate Services Pte. Ltd.	Singapore	100%	100%
LCM Operations UK Limited	United Kingdom	100%	100%
LCM Corporate Services UK Limited	United Kingdom	100%	100%
LCM Recoveries UK Limited	United Kingdom	100%	100%
LCM Funding UK Limited	United Kingdom	100%	100%
LCM Group Holdings Pty Ltd	Australia	100%	100%
ASG Ghana Limited	Ghana	100%	100%
LCM Global Alternative Returns Fund			
LCM Global Alternative Returns Fund GP Limited	Jersey	100%	100%
LCM Global Alternative Returns Fund (Special Partner) LP	Jersey	100%	100%
LCM Global Alternative Returns Fund II			
LCM Global Alternative Returns Fund II GP Limited	Jersey	100%	100%
LCM Global Alternative Returns Fund II (Special Partner) LP	Jersey	100%	100%
LCM Global Alternative Returns Fund III			
LCM Global Alternative Returns Fund III GP Limited	Jersey	100%	n/a
LCM Global Alternative Returns Fund III (Special Partner) LP	Jersey	100%	n/a

Note 29. Share-based payments

The share-based payment expense for the period was \$563,000 (2025: \$1,212,000).

Loan Funded Share Plans ('LSP')

As detailed in note 19, the Group has an equity scheme pursuant to which certain employees may access a LSP. The shares under LSP are issued at the exercise price by granting a limited recourse loan. The LSP shares are restricted until the loan is repaid. Options under this scheme can be granted without an underlying LSP share until they have been exercised and on this basis, do not form part of the Group's issued share capital. The underlying options have been accounted for as a share-based payments. The options are issued over a 1-3 year vesting period. Vesting conditions include satisfaction of customary continuous employment with the Group and may include a share price hurdle.

During the period the Group granted nil (2025: nil) shares under the LSP.

Set out below are summaries of shares/options granted under the LSP:

2026

Weighted average exercise price	\$1.113	\$0.000	\$0.000	\$2.246	\$1.082
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2025

Weighted average exercise price	\$1.089	\$0.000	\$1.240	\$0.000	\$1.113
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Set out below are summaries of options granted under the DBSP:

Note 29. Share-based payments (continued)

2026

Grant date	Expiry date	Exercise Price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
07/10/2022	07/10/2032	\$0.00	434,967	-	(183,661)	(66,764)	184,542
04/10/2023	04/10/2033	\$0.00	547,832	-	(125,478)	(89,335)	333,019
04/10/2024	04/10/2034	\$0.00	532,235	-	(136,328)	(20,416)	375,491
			1,515,034	-	(445,467)	(176,515)	893,052

Weighted average exercise price	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
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2025

Grant date	Expiry date	Exercise Price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
07/10/2022	07/10/2032	\$0.00	877,435	-	(442,468)	-	434,967
04/10/2023	04/10/2033	\$0.00	771,911	-	(224,079)	-	547,832
04/10/2024	04/10/2034	\$0.00	-	532,235	-	-	532,235
			1,649,346	532,235	(666,547)	-	1,515,034

Weighted average exercise price	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
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There were 694,044 options vested (2025: 634,868) and 445,467 exercised (average share price \$0.190) as at 30 June 2026 (2025: 666,547. Average share price \$2.054).

The weighted average remaining contractual life of options under DBSP outstanding at the end of the financial year was 0.352 years (2025: 0.817 years).

Executive Long Term Incentive Plan ('LTIP')

The Company has in place an Executive LTIP. Options granted under the LTIP in the form of nil cost options and are subject to performance conditions which require the growth of Funds under Management ('FuM') over a five year performance period.

During the period, all LTIPs lapsed as the performance conditions were not satisfied.

Note 29. Share-based payments (continued)**2026**

Grant date	Expiry date	Exercise Price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
07/10/2022	07/10/2032	\$0.0000	5,671,516	-	-	(5,671,516)	-
			5,671,516	-	-	(5,671,516)	-

Weighted average exercise price	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
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2025

Grant date	Expiry date	Exercise Price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
07/10/2022	07/10/2032	\$0.0000	5,671,516	-	-	-	5,671,516
			5,671,516	-	-	-	5,671,516

Weighted average exercise price	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
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There were nil LTIP's vested and exercisable as at 30 June 2026 (2025: nil).

The weighted average remaining contractual life of outstanding LTIP options at the end of the financial year was nil (2025: 0.263 years).

Note 30. Events after the reporting period

On 31 July 2026, the Group announced that the debt covenant waiver from Northleaf that was due to expire on 31 July 2026 has been extended to 31 August 2026.

On 1 September 2026, the Group announced that the debt covenant waiver from Northleaf that was due to expire on 31 August 2026 has been extended to 30 September 2026.

Northleaf continued to waive the requirement to test the financial covenants in the facility since the reporting date. The waiver in place at 30 June 2026 was extended to 31 July 2026, then subsequently to 31 August 2026 and subsequently again to 30 September 2026. Each extension was on substantially the same terms as the original waiver: the interest margin was increased by 2.00% per annum during the waiver period. LCM has not been required to test and comply with its financial covenants at any point during the relevant period, as each waiver was in place before the previous one expired.

On 30 September 2026 LCM entered into an agreement which, subject to the satisfaction of certain conditions precedent which are substantially progressed, implements a long-term amendment to its debt facility with funds managed by Northleaf Capital Partners.

The purpose of the amendment is to facilitate an orderly run-off of the remaining portfolio. The principal changes to the commercial terms of the debt facility are:

- The facility is increased from US\$100 million to US\$125 million and the term is extended to 31 December 2030.
- The interest margin is increased from SONIA plus 525 basis points on the original facility (which had been increased by a further 200 basis points due to the covenant waivers) to SONIA plus 1000 basis points. Interest is capitalised and added to the outstanding principal amount of the debt (paid in kind) rather than paid in cash for the remaining life of the facility.
- The amount repayable is the higher of (i) the outstanding principal plus capitalised interest and (ii) two times the principal drawn under the facility.
- If the facility is repaid in full while case investments remain outstanding, Northleaf is entitled to 25% of the gross cash proceeds of those remaining investments, including any performance fees received from the funds.
- The facility is limited recourse to the case portfolio.

Note 30. Events after the reporting period (continued)

The following governance changes are being implemented alongside the commercial changes:

- Two new directors, nominated by Northleaf and fully supported by the LCM Board, are to be appointed as independent directors of LCM Group Holdings Pty Ltd, the subsidiary through which the Group's investments are held and its operations conducted and to some or all of such company's wholly-owned subsidiaries.

The agreement on the terms of a long-term amendment with Northleaf to the debt facility marks the end of the Strategic Review, which was launched during the financial year. The board has formally concluded the review process with no resulting transaction, and has agreed on terms of an increased Northleaf facility. LCM now moves into an orderly run-off: the existing portfolio of case investments will be managed to conclusion in accordance with a business plan approved and supported by as per the Northleaf agreement and is not presently contemplated (or permitted under the terms of the agreement with Northleaf) that any new investments will be made.

**Consolidated entity disclosure statement
For the year ended 30 June 2026**

Name	Type of entity	Trustee, partner, or participant in joint venture	% of share capital held	Country of incorporation	Australian resident or foreign resident (for tax purposes)	Foreign tax jurisdiction of foreign residents
Litigation Capital Management Limited	Body corporate	n/a	n/a	Australia	Australia	n/a
LCM Litigation Fund Pty Ltd	Body corporate	n/a	100%	Australia	Australia	n/a
LCM Operations Pty Ltd	Body corporate	n/a	100%	Australia	Australia	n/a
LCM Corporate Services Pty Ltd	Body corporate	n/a	100%	Australia	Australia	n/a
LCM Singapore Pty Ltd	Body corporate	n/a	100%	Australia	Australia	n/a
LCM Recoveries Pty Ltd	Body corporate	n/a	100%	Australia	Australia	n/a
LCM Advisory Limited	Body corporate	n/a	100%	Australia	Australia	n/a
LCM Funding Pty Ltd	Body corporate	Trustee1	100%	Australia	Australia	n/a
LCM Funding SG Pty Ltd	Body corporate	Trustee1	100%	Australia	Australia	n/a
LCM Corporate Services Pte. Ltd.	Body corporate	n/a	100%	Singapore	Australia	n/a
LCM Group Holdings Pty Ltd	Body corporate	n/a	100%	Australia	Australia	n/a
LCM Operations UK Limited	Body corporate	n/a	100%	United Kingdom	Foreign	United Kingdom
LCM Corporate Services UK Limited	Body corporate	n/a	100%	United Kingdom	Foreign	United Kingdom
LCM Recoveries UK Limited	Body corporate	n/a	100%	United Kingdom	Foreign	United Kingdom
LCM Funding UK Limited	Body corporate	Trustee1	100%	United Kingdom	Foreign	United Kingdom
ASG Ghana Limited	Body corporate	n/a	100%	Ghana	Foreign	United Kingdom
LCM Global Alternative Returns Fund LP	Partnership	n/a	n/a	Jersey	Foreign	n/a2
LCM Global Alternative Returns Feeder Fund LP	Partnership	n/a	n/a	Jersey	Foreign	n/a2
LCM Global Alternative Returns Fund GP Limited	Body corporate	Partner	100%	Jersey	Foreign	Jersey
LCM Global Alternative Returns Fund (Special Partner) LP	Partnership	Partner	n/a	Jersey	Foreign	Jersey
LCM Global Alternative Returns Fund II LP	Partnership	n/a	n/a	Jersey	Foreign	n/a2
LCM Global Alternative Returns Feeder Fund II LP	Partnership	n/a	n/a	Jersey	Foreign	n/a2
LCM Global Alternative Returns Fund II Holding 1 LP	Partnership	n/a	n/a	Jersey	Foreign	n/a2
LCM Global Alternative Returns Fund II Holding 2 LP	Partnership	n/a	n/a	Jersey	Foreign	n/a2
LCM Global Alternative Returns Fund II GP Limited	Body corporate	Partner	100%	Jersey	Foreign	Jersey
LCM Global Alternative Returns Fund II (Special Partner) LP	Partnership	Partner	n/a	Jersey	Foreign	Jersey
LCM Global Alternative Returns Fund III LP	Partnership	n/a	n/a	Jersey	Foreign	n/a2
LCM Global Alternative Returns Feeder Fund III LP	Partnership	n/a	n/a	Jersey	Foreign	n/a2
LCM Global Alternative Returns Fund III GP Limited	Body corporate	Partner	100%	Jersey	Foreign	Jersey
LCM Global Alternative Returns Fund III (Special Partner) LP	Partnership	Partner	n/a	Jersey	Foreign	Jersey

1 A trustee relationship is established through a Nominee Agreement, where the entity (the nominee) and the relevant Fund agree that the nominee will hold the Fund's investment on its behalf.

2 Limited Partners in the Funds are tax transparent and, as a result, are not considered tax residents of any particular jurisdiction

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standards and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2026 and of its performance for the period ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the consolidated entity disclosure statement is true and correct.

Signed in accordance with a resolution of directors.

On behalf of the directors

A handwritten signature in black ink, appearing to be 'John AL', with a long horizontal line extending from the end of the signature.

Director

Dated this 30th day of September 2026

INDEPENDENT AUDITOR'S REPORT

To the members of Litigation Capital Management Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Litigation Capital Management Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30th June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of Litigation Capital Management Limited, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30th June 2026 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group 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 our audit of financial reports in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fair Value Measurement

Key audit matter	How the matter was addressed in our audit
As disclosed in the Statement of Financial position, the Group has reported financial assets at fair value through profit or loss of \$158.6m (2025: \$287.7m) comprising of litigation funding assets which relates to financial instruments that relate to the provision of capital in connection with legal finance. The Group treats the litigation funding assets as financial instruments and classifies them as financial assets under fair value through profit or loss.	Our procedures included, but were not limited to the following: - Performed a walkthrough of the recognition process with Management and confirmed no changes to the underlying methodology or key inputs of the fair value model. - Obtained a listing of the active projects including relevant reconciliation of active cases and agreed the aggregate cases to the trial balance; - Obtained case summaries and project updates to understand the background of cases and recent developments; - Obtained the fair value model calculation and reviewed the reasonableness of the overarching methodology used in the fair value calculation including key assumptions used i.e. discount rate, risk adjustments, stages and ensured the application aligned to Management's expert. - On a sample basis, recalculated the fair value of select cases and compared to the fair value amount determined by management; - On a sample basis, tested deployment costs by obtaining relevant supports i.e. invoices, bank statement for payments; and - Reviewed the disclosure in the financial report to ensure it aligns with the requirements of the relevant accounting standards.

Other information

The directors are responsible for the other information. The other information comprises the information contained in the Directors' report for the year ended 30 June 2026, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group 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 Group or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/media/apzlw0y/ar3_2024.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

BDO

G Rooney

Geoff Rooney
Director

Sydney, 30 September 2026

LCM