

The Manager

Market Announcements Office
ASX Limited
Level 6, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

28 February 2025

RESULTS FOR HALF YEAR ENDED 31 DECEMBER 2024

L1 Long Short Fund Limited (ASX: LSF) hereby lodges:

- Appendix 4D for the half-year ended 31 December 2024; and
- Interim Report for the half-year ended 31 December 2024.

For any further enquiries please contact L1 Long Short Fund Limited on 03 9286 7000.

Yours sincerely,



Mark Licciardo

Company Secretary

Appendix 4D

For the half-year ended 31 December 2024

Half-year report

This report is for the half-year from 1 July 2024 to 31 December 2024 (HY FY25). The previous corresponding period was 1 July 2023 to 31 December 2023 (HY FY24).

Results for announcement to the market

	HY FY25 \$'000	HY FY24 \$'000	Up/Down	Movement %
(Loss)/profit from ordinary activities	(29,667)	168,574	Down	(118)
(Loss)/profit before income tax attributable to the ordinary equity holders	(111,530)	73,005	Down	(253)
(Loss)/profit after income tax attributable to the ordinary equity holders	(74,970)	55,698	Down	(235)

Dividend information

	Amount per Share (cents)	Franked amount per Share (cents)	Tax Rate for Franking Credit
2025 Interim dividend declared	6.25c	6.25c	30%

Interim dividend dates

Ex-dividend date	17 March 2025
Record date	18 March 2025
Last election date for the DRP	19 March 2025
Payment date	7 April 2025

Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) is in operation under which the shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Participating shareholders will be entitled to be allotted the number of shares (rounded down to the nearest whole number) which the cash dividend would purchase at the relevant allocation price. The relevant allocation price is the arithmetic average of the daily volume weighted average sale price (calculated to the nearest cent) of shares traded on the ASX over the five trading days commencing on the ex-dividend date for the relevant dividend, without any discount. The last day for the receipt of an election notice for participation in the DRP is 19 March 2025.

Net tangible assets*

	31 December 2024 \$	31 December 2023 \$
Net tangible asset backing (per share) before tax	2.9417	3.0408
Net tangible asset backing (per share) after tax	2.9040	2.9578

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

Appendix 4D (cont'd)

Explanation of results

For the period from 1 July 2024 to 31 December 2024, the Company recorded a loss before tax of \$112 million and a net loss after tax of \$75 million.

Equity markets were challenging for the Company in 2024 due to the pronounced outperformance of growth stocks over value stocks. The ASX200's strong returns came primarily from P/E re-ratings across the Financials and Technology sectors despite no major changes in the earnings outlooks for these companies. Similarly, the exceptional performance of U.S. equities was fuelled by robust economic activity, strong corporate earnings and narrow leadership from the 'magnificent seven' mega-cap tech stocks, while broader market performance remained weak.

These factor headwinds posed significant challenges to the portfolio in the first half of the 2025 financial year, leading to disappointing performance for the period. Positive contributors included strong performance from global leaders, domestic cyclicals, U.K. banks and gold equities. However, these gains were more than offset by short positions in the domestic banking sector, which rallied despite extremely stretched valuations, the continued dominance of growth over value stocks, weaker oil prices and a small number of stock specific detractors.

Whilst the Investment Manager is disappointed with recent performance, the investment team retains its high conviction in its portfolio of "quality value" stocks that have major positive stock specific catalysts that are likely to occur over the next 2-3 years. The Investment Manager continues to stay true to its proven value and contrarian investment approach, with a strong focus on managing portfolio risk and capital preservation. This is evidenced by the Long Short Fund portfolio having protected more than 80% of investors' capital in falling markets over the past decade. From time to time, as with all investors, we expect the Investment Manager will go through temporary periods of weak performance but we take comfort from the quality and consistency of the investment approach, risk management and rigorous research process of the Investment Manager and their strong alignment with shareholders.

Further information

This report is based on the Interim Financial Report which has been subject to independent review by the Company's auditors, Ernst & Young. All these documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2024 Annual Financial Report.

Interim Financial Report

For the half-year ended 31 December 2024

L1 Long Short Fund Limited

ABN 47 623 418 539

Contents

Corporate Directory	3
Directors' Report	4
Auditor's Independence Declaration	6
Interim Financial Report	
Statement of Profit and Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Report	11
Directors' Declaration	20
Independent Auditor's Review Report to the Members	21

This interim financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by L1 Long Short Fund Limited during the interim financial reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Corporate Directory

Directors

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

Company secretary

Mark Licciardo

Registered office

Acclime Australia Corporate Services Pty Ltd
Level 7, 330 Collins Street
Melbourne VIC 3000
Phone: (03) 8689 9997

Investment manager

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

Administrator

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

Share registrar

Link Market Services Limited
Tower 4, 727 Collins Street
Melbourne VIC 3008
Phone: 1800 129 431

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

Auditors

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

Securities exchange listing

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

Website

www.L1LongShort.com



Directors' Report

The Directors present their report together with the interim financial report of L1 Long Short Fund Limited (the "Company") for the half-year ended 31 December 2024.

Directors

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

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

Principal activities

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

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

Dividends

On 23 August 2024, the Directors declared a fully franked final dividend of 6.00 cents per share with record date of 10 September 2024 and paid to the shareholders on 1 October 2024.

On 28 February 2025, the Directors declared a fully franked interim dividend of 6.25 cents per share with record date of 18 March 2025 and payable to the shareholders on 7 April 2025.

The Dividend Reinvestment Plan (DRP) is in operation under which the shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Participating shareholders will be entitled to be allotted the number of shares (rounded down to the nearest whole number) which the cash dividend would purchase at the relevant allocation price. The relevant allocation price is the arithmetic average of the daily volume weighted average sale price (calculated to the nearest cent) of shares traded on the ASX over the five trading days commencing on the ex-dividend date for the relevant dividend, without any discount. The last day for the receipt of an election notice for participation in the DRP is 19 March 2025.

Dividend profit reserve

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

Since the Company incurred a loss during the period, no transfers have been made to the dividend profit reserve in the period.

The balance of the dividend profit reserve as of 31 December 2024 is \$771,947,000.

Review of operations

The operating loss before tax was \$111,530,000 for the half-year ended 31 December 2024 (31 December 2023: profit \$73,005,000). The net result after tax was a loss of \$74,970,000 (31 December 2023: profit \$55,698,000).

This loss resulted from challenging markets for the Company in 2024. During the period, gains from global leaders, domestic cyclical, U.K. banks and rallying gold equities were more than offset by continued extreme outperformance of growth stocks over value stocks, short positions in the domestic banking sector (which rallied despite stretched valuations and little earnings growth), lower energy prices and stock specific detractors.

Directors' Report

Continued

The net tangible asset backing before tax as at 31 December 2024 was \$2.9417 per share (31 December 2023: \$3.0408).

The Company's performance did not exceed its high watermark as of the performance calculation period ended 31 December 2024. Therefore the Investment Manager was not entitled to a performance fee for this period (31 December 2023: \$18,751,000). Please refer to Note 6 for further details.

The Company's on-market share buy-back program of up to 10% of its shares remains in place until 30 May 2025. No shares were bought back over the half-year ended 31 December 2024 (31 December 2023: Nil). Please refer to Note 8 for further details.

Significant changes in the state of affairs

On 5 April 2024, the Company announced that Joint Managing Director, Mr. Mark Landau, would be taking a leave of absence to undergo medical treatment for an early-stage, treatable cancer. With the support of the Board, Mr. Landau took leave of approximately three months starting in late April 2024 to allow time for treatment and a period of recovery. During this period, Mr. Raphael Lamm was the sole Managing Director. Mr. Landau resumed his duties on 5 August 2024.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Company that occurred during the half-year ended 31 December 2024.

Matters subsequent to the end of the reporting period

Other than the dividends declared in the dividends section above, in the latest release to the ASX on 28 February 2025, the Company reported Net Tangible Asset (NTA) at 25 February 2025 as follows:

	25 February 2025 (A) \$	31 December 2024 (B) \$
Net tangible asset backing (per share) before tax ^(c)	2.8564	2.9417
Net tangible asset backing (per share) after tax ^(c)	2.8525	2.9040

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

(B) NTA reviewed by Ernst & Young.

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

Rounding of amounts

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

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

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



Andrew Larke
Independent Chairman

Melbourne
28 February 2025



Auditor's Independence Declaration



Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

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

As lead auditor for the review of the interim financial report of L1 Long Short Fund Limited for the half-year ended 31 December 2024, I declare to the best of my knowledge and belief, there have been:

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

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

Ernst & Young

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

Emma Reekie
Partner
Melbourne
28 February 2025

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Statement of Profit and Loss and Other Comprehensive Income

For the half-year ended 31 December 2024

	Notes	Half-year ended	
		31 December 2024 \$'000	31 December 2023 \$'000
Income			
Net gains on financial instruments at fair value through profit or loss		7,742	90,653
Dividend income		31,021	37,478
Interest income from financial assets at amortised cost		25,611	19,284
Net foreign exchange (losses)/gains		(94,737)	20,770
Expense reimbursement from Investment Manager		415	389
Other income		281	–
Total (loss)/income		(29,667)	168,574
Expenses			
Interest expense		(43,288)	(36,220)
Performance fees	6	–	(18,751)
Dividend expense		(12,277)	(16,950)
Management fees	6	(13,677)	(12,916)
Brokerage expense		(8,523)	(6,056)
Stock loan fees		(1,619)	(2,192)
Withholding tax on foreign dividends		(1,343)	(1,453)
Other expenses		(476)	(387)
Directors' fees		(201)	(198)
ASX fees		(156)	(159)
Administration fees		(93)	(111)
Share registry fees		(125)	(96)
Audit fees		(55)	(51)
Secretarial fees		(30)	(29)
Total operating expenses		(81,863)	(95,569)
(Loss)/profit for the half-year before income tax		(111,530)	73,005
Income tax benefit/(expense)		36,560	(17,307)
(Loss)/profit for the half-year after tax		(74,970)	55,698
Other comprehensive income for the half-year, net of tax		–	–
Total comprehensive (loss)/income for the half-year		(74,970)	55,698
		Cents	Cents
(Losses)/profits per share for (loss)/profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share		(12.02)	9.01
Diluted earnings per share		(12.02)	9.01

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

Statement of Financial Position

As at 31 December 2024

		As at	
	Notes	31 December 2024 \$'000	30 June 2024 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		1,332,722	1,009,100
Other receivables		15,524	28,637
Receivable from Investment Manager		35	34
Financial assets at fair value through profit or loss	3	3,266,508	3,402,357
Prepaid income tax		21,156	37,087
Other current assets		129	515
Total current assets		4,636,074	4,477,730
Total assets		4,636,074	4,477,730
LIABILITIES			
Current liabilities			
Broker advances		1,776,557	1,272,868
Financial liabilities at fair value through profit or loss	3	1,007,783	1,118,097
Other payables		9,556	88,838
Total current liabilities		2,793,896	2,479,803
Non-current liabilities			
Deferred tax liabilities	7	23,539	76,030
Total non-current liabilities		23,539	76,030
Total liabilities		2,817,435	2,555,833
Net assets		1,818,639	1,921,897
EQUITY			
Issued capital	8	1,268,153	1,259,096
Dividend profit reserve	10	771,947	809,292
Accumulated losses		(221,461)	(146,491)
Total equity		1,818,639	1,921,897

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

Statement of Changes in Equity

For the half-year ended 31 December 2024

	Notes	Issued capital \$'000	Dividend profit reserve \$'000	Accumulated losses \$'000	Total \$'000
Balance as at 1 July 2023		1,242,522	708,535	(146,491)	1,804,566
Profit for the half-year after tax		–	–	55,698	55,698
Other comprehensive income for the half-year, after tax		–	–	–	–
Total comprehensive income for the half-year		–	–	55,698	55,698
Transactions with owners in their capacity as owners:					
Dividend reinvestment		8,063	–	–	8,063
Dividend declared		–	(33,914)	–	(33,914)
Transfer to dividend profit reserve account		–	55,698	(55,698)	–
Balance as at 31 December 2023		1,250,585	730,319	(146,491)	1,834,413
Balance as at 1 July 2024		1,259,096	809,292	(146,491)	1,921,897
Loss for the half-year after tax		–	–	(74,970)	(74,970)
Other comprehensive income for the half-year, after tax		–	–	–	–
Total comprehensive loss for the half-year		–	–	(74,970)	(74,970)
Transactions with owners in their capacity as owners:					
Dividend reinvestment	8	9,057	–	–	9,057
Dividend declared	10	–	(37,345)	–	(37,345)
Balance as at 31 December 2024		1,268,153	771,947	(221,461)	1,818,639

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

Statement of Cash Flows

For the half-year ended 31 December 2024

	Half-year ended	
	31 December 2024 \$'000	31 December 2023 \$'000
Cash flows from operating activities		
Purchase of financial instruments at fair value through profit or loss	(3,021,962)	(3,086,391)
Proceeds from sale of financial instruments at fair value through profit or loss	3,029,147	2,479,122
Dividends received	30,872	35,800
Interest income received from financial assets measured at amortised cost	24,069	19,225
Expense reimbursement received	414	371
Brokerage expenses paid	(8,523)	(6,056)
Dividends paid on short positions	(13,591)	(18,519)
Stock loan fees paid	(1,728)	(2,237)
ASX fees paid	(156)	(159)
Net GST received	751	70
Interest paid	(42,476)	(35,900)
Other expenses paid	(53,859)	(23,784)
Income tax (paid)/refunded	–	63,285
Net cash (used in) operating activities	(57,042)	(575,173)
Cash flows from financing activities		
Dividend paid	(28,288)	(25,851)
Broker advances received	503,689	276,588
Net cash inflow from operating activities	475,401	250,737
Net increase/(decrease) in cash and cash equivalents	418,359	(324,436)
Cash and cash equivalents at the beginning of the half-year	1,009,100	969,816
Effects of exchange rate changes on cash and cash equivalents	(94,737)	20,770
Cash and cash equivalents at the end of the half-year	1,332,722	666,150

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

Notes to the Financial Report

For the half-year ended 31 December 2024

1. General information

L1 Long Short Fund Limited (the "Company") is a listed public company domiciled in Australia. The Company's registered address is Acclime Australia Corporate Services Pty Ltd, Level 7, 330 Collins Street, Melbourne VIC 3000.

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

The interim financial report of the Company are for the period 1 July 2024 to 31 December 2024. The previous corresponding period was 1 July 2023 to 31 December 2023.

The interim financial report was authorised for issue by the Board of Directors on 28 February 2025.

2. Summary of material accounting policies

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

(a) Basis of preparation

This interim financial report for the half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

The Company is a for-profit entity for the purpose of preparing the interim financial report.

This interim financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, this interim financial report is to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by L1 Long Short Fund Limited during the interim financial reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim financial report has been prepared on an accruals basis and are based on historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The accounting policies applied in this interim financial report are the same as those applied in the Company's financial report for the year ended 30 June 2024.

(i) New standards and interpretations adopted by the Company

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2024 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(ii) New standards and interpretations not yet adopted

The following new and revised Australian Accounting Standard, Interpretation and amendment that has been issued but is not yet effective is in the process of assessment by the Company:

- AASB 18 Presentation and Disclosure in Financial Statements (application date 1 January 2027)

Other than above, a number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2025, and have not been early adopted in preparing this financial report.

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

(b) Rounding of amounts

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



Notes to the Financial Report

For the half-year ended 31 December 2024

3. Fair value measurements

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

- Equity securities
- Derivatives
- Listed unit trusts

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

Fair value hierarchy

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

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

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

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

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

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

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

Notes to the Financial Report

For the half-year ended 31 December 2024

3. Fair value measurements (continued)

Fair value hierarchy (continued)

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

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

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

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

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

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

(iii) Recognised fair value measurements

The following tables present the Company's financial assets and liabilities measured and recognised at fair value at 31 December 2024 and 30 June 2024.

At 31 December 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Australian listed equity securities	1,678,847	–	–	1,678,847
International listed equity securities	1,577,045	–	–	1,577,045
Australian share price index futures	10,616	–	–	10,616
Total financial assets at fair value through profit or loss	3,266,508	–	–	3,266,508
Financial liabilities at fair value through profit or loss				
Australian listed equity securities	924,902	–	–	924,902
International listed equity securities	82,881	–	–	82,881
Total financial liabilities at fair value through profit or loss	1,007,783	–	–	1,007,783

Notes to the Financial Report

For the half-year ended 31 December 2024

3. Fair value measurements *(continued)*

Fair value hierarchy *(continued)*

(iii) Recognised fair value measurements *(continued)*

At 30 June 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Equity swap	–	30,370	–	30,370
Australian listed equity securities	2,029,752	–	–	2,029,752
International listed equity securities	1,342,235	–	–	1,342,235
Total financial assets at fair value through profit or loss	3,371,987	30,370	–	3,402,357
Financial liabilities at fair value through profit or loss				
Australian share price index futures	2,729	–	–	2,729
Australian listed equity securities	760,085	–	–	760,085
International listed equity securities	355,283	–	–	355,283
Total financial liabilities at fair value through profit or loss	1,118,097	–	–	1,118,097

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

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

(iv) Disclosed fair values

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

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



Notes to the Financial Report

For the half-year ended 31 December 2024

4. Critical accounting estimates and judgements

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

(a) Critical accounting estimates and assumptions

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

(i) Income taxes

The Company has recognised deferred tax liabilities from unrealised gains on investments and other temporary differences of \$23,557,000 at 31 December 2024 (30 June 2024: \$76,193,000) and deferred tax assets relating to other temporary differences of \$18,000 at 31 December 2024 (30 June 2024: \$163,000). Refer to Note 7 for further discussion of accounting for deferred taxes.

5. Segment information

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

6. Management and performance fee

Management fees (inclusive of the net impact of GST and RITC) during the period ended 31 December 2024 amounted to \$13,677,000 (31 December 2023: \$12,916,000) of which \$2,331,000 (30 June 2024: \$2,400,000) remained payable as at period end.

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

Performance fees (inclusive of the net impact of GST and RITC) incurred during the period ended 31 December 2024 amounted to \$Nil (31 December 2023: \$18,751,000) of which \$Nil (30 June 2024: \$39,704,000) remained payable as at period end.

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



Notes to the Financial Report

For the half-year ended 31 December 2024

7. Deferred taxes

	As at	
	31 December 2024 \$'000	30 June 2024 \$'000
The balance comprises temporary differences attributable to:		
Deferred tax assets		
Other temporary differences	18	163
Deferred tax assets	18	163
Deferred tax liabilities		
Net unrealised gains on investments	23,534	75,838
Other temporary differences	23	355
Deferred tax liabilities	23,557	76,193
Deferred tax liabilities, net	(23,539)	(76,030)
Movements:		
Deferred tax assets		
Opening balance	163	20,444
Credited/(Debited):		
Directly to profit or loss	(145)	(20,281)
Closing balance, Deferred tax assets	18	163
Deferred tax liabilities		
Opening balance	76,193	55,168
(Credited)/Debited:		
Directly to profit or loss	(52,636)	21,025
Closing balance, Deferred tax liabilities	23,557	76,193
Closing balance, Deferred tax liabilities, net	(23,539)	(76,030)

Notes to the Financial Report

For the half-year ended 31 December 2024

8. Issued capital

(a) Share capital

	31 December 2024 Shares '000	30 June 2024 Shares '000	31 December 2024 \$'000	30 June 2024 \$'000
Ordinary shares	625,483	622,413	1,268,153	1,259,096

(b) Movements in issued capital

	Number of Shares '000	\$'000
Opening balance – 30 June 2024	622,413	1,259,096
Dividend reinvestment	3,070	9,057
Closing balance – 31 December 2024	625,483	1,268,153

	Number of Shares '000	\$'000
Opening balance – 30 June 2023	616,618	1,242,522
Dividend reinvestment	5,795	16,574
Closing balance – 30 June 2024	622,413	1,259,096

(c) Ordinary shares

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

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

(d) Shares issued

The Company's on-market share buy-back program of up to 10% of its shares remained in place during the year and has been renewed for a period up until 30 May 2025. The Company retains the right to do so when market conditions and share prices are appropriate. No shares were bought back over the half-year ended 31 December 2024 (31 December 2023: Nil).



Notes to the Financial Report

For the half-year ended 31 December 2024

9. Dividends

(a) Dividend rate

On 23 August 2024, the Directors declared a fully franked final dividend of 6.00 cents per share with record date of 10 September 2024 and paid to the shareholders on 1 October 2024.

On 28 February 2025, the Directors declared a fully franked interim dividend of 6.25 cents per share with record date of 18 March 2025 and payable to the shareholders on 7 April 2025.

(b) Dividend franking account

	As at	
	31 December 2024 \$'000	30 June 2024 \$'000
The amount of franking credits for subsequent reporting periods are:		
• Franking account balance as at the end of the reporting period at tax rate of 30% (30 June 2024: 30%)	214,938	225,955
• Franking credits that will arise from franked dividends receivable as at the end of the reporting period	–	42
• Franking credits that will arise from the payment/(refund) of income tax payable/(prepaid) as at the end of the reporting period	(36,872)	(37,087)
	178,066	188,910
The amount of franking credits available for future reporting periods:		
• Impact on the franking credit account of the dividend declared but not recognised as a liability at the end of the reporting period at tax rate of 30% (30 June 2024: 30%)	(16,754)	(16,005)
	161,312	172,905

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

Notes to the Financial Report

For the half-year ended 31 December 2024

10. Dividend profit reserve

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

	As at	
	31 December 2024 \$'000	30 June 2024 \$'000
Movement in Dividend Profit Reserve		
Balance at the beginning of the period	809,292	708,535
Transferred from current period profits	–	170,290
Dividend declared	(37,345)	(69,533)
Closing balance at the end of the period	771,947	809,292

Since the Company incurred a loss during the period, no transfers have been made to the dividend profit reserve in the period.

11. Contingent assets and liabilities and commitments

The Company had no contingent assets, liabilities or commitments as at 31 December 2024 (30 June 2024: Nil).

12. Events occurring after the reporting period

On 28 February 2025, the Directors declared a fully franked interim dividend of 6.25 cents per share with record date of 18 March 2025 and payable to the shareholders on 07 April 2025.

The Dividend Reinvestment Plan (DRP) is in operation under which the shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Participating shareholders will be entitled to be allotted the number of shares (rounded down to the nearest whole number) which the cash dividend would purchase at the relevant allocation price. The relevant allocation price is the arithmetic average of the daily volume weighted average sale price (calculated to the nearest cent) of shares traded on the ASX over the five trading days commencing on the ex-dividend date for the relevant dividend, without any discount. The last day for the receipt of an election notice for participation in the DRP is 19 March 2025.

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



Directors' Declaration

For the half-year ended 31 December 2024

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

- (a) the interim financial report and notes set out on pages 7 to 19 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Andrew Larke
Independent Chairman

Melbourne
28 February 2025

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

For the half-year ended 31 December 2024



Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

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

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of L1 Long Short Fund Limited (the Company), which comprises the statement of financial position as at 31 December 2024, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, explanatory notes, and the directors' declaration.

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

- a) Giving a true and fair view of the Company's financial position as at 31 December 2024 and of its financial performance for the half-year ended on that date; and
- b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

Directors' responsibilities for the interim financial report

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

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

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

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

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

Continued



**Shape the future
with confidence**

Page 2

and fair view of the Company's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Ernst & Young

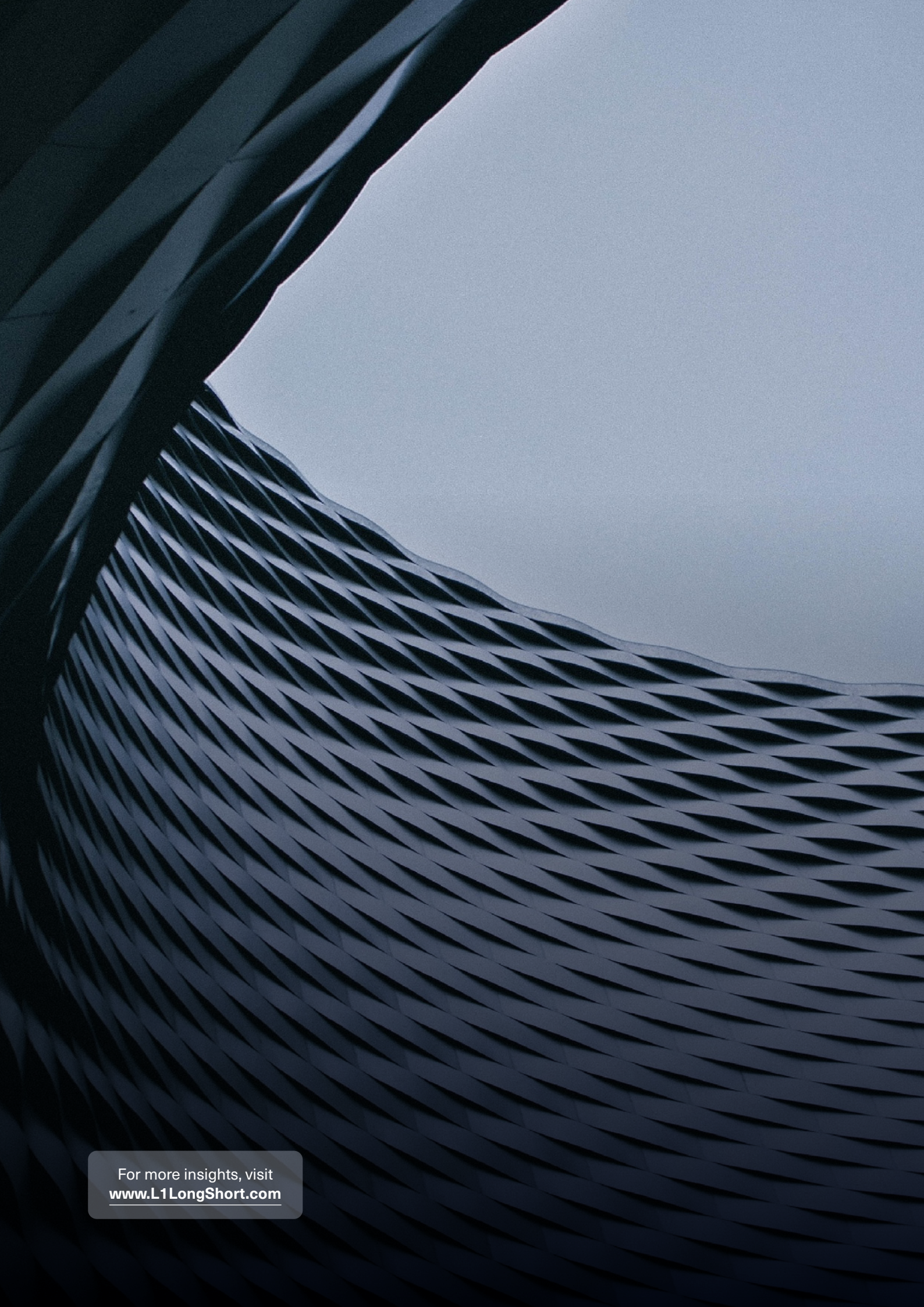
Ernst & Young

E Reekie

Emma Reekie
Partner
Melbourne
28 February 2025

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation





For more insights, visit
www.L1LongShort.com