L1 CAPITAL

Quarterly report

L1 Capital Catalyst Fund

December 2025

- The L1 Capital Catalyst Fund returned 6.8%[1] for the December quarter (ASX200AI -1.0%) bringing the calendar year 2025 return to 20.6%[1], double the return of the ASX200AI of 10.3%.
- Since inception the L1 Capital Catalyst Fund has returned 10.8%[1] p.a. (ASX200AI 8.1% p.a.).
- The Fund's performance during the December quarter was driven by continued outperformance in Mineral Resources and several favourable portfolio company trading updates.

The ASX200AI returned -1.0% in the December quarter, lagging most global equity markets, which moved slightly higher (S&P500 Index +2.7%, MSCI World Index +3.1%). The U.S. market was driven by ongoing Fed easing (two rate cuts of 25bps each in the quarter) and strong U.S. economic growth and corporate earnings.

The Australian market's relative softness was attributable to the divergence in monetary policy and interest rate expectations between the U.S., where the market is anticipating ongoing cuts, and Australia, where tightening is now expected. A tightening in Australia arose on the back of successive CPI releases during the quarter which pointed to a concerning step-up in inflation to back above the RBA's 2-3% target range.

High-growth, high P/E sectors such as Information Technology and Consumer Discretionary sold off in the quarter on the change in Australian interest rate expectations. Some of this weakness was offset by a rally in the Materials sector as supply/demand dynamics improved and commodity prices rose.

The strongest sectors in the ASX200AI for the December quarter were Materials (+13.0%), Energy (+1.2%) and Industrials (+0.1%) while Information Technology (-26.0%), Consumer Discretionary (-11.7%) and Healthcare (-9.9%) lagged.

Returns (Net) (%)[1]

	Catalyst Fund	S&P/ASX 200 AI	Out-performance
3 months	6.8	(1.0)	+7.8
6 months	18.2	3.6	+14.6
1 year	20.6	10.3	+10.3
3 years p.a.	10.0	11.4	(1.4)
Since inception* p.a.	**10.8**	**8.1**	**+2.7**
Since inception* cumulative	**58.5**	**42.0**	**+16.5**

Figures may not sum exactly due to rounding.

The L1 Capital Catalyst Fund continues to find value in low P/E stocks with undergeared balance sheets, strong cash flow generation and realisable near-term catalysts. We remain confident in our portfolio and are focused on identifying and enacting catalysts through active engagement with company management and Boards. We continue to believe this engagement will ultimately create better shareholder returns for investors and outcomes for the companies themselves.

1. All performance numbers are quoted net of fees. Figures may not sum exactly due to rounding. Inception date: 1 July 2021. **Past performance should not be taken as an indicator of future performance.** Note: Fund returns and Australian indices are shown in A$. Returns of U.S. indices are shown in US$. Index returns are on a total return (accumulation) basis unless otherwise specified.

Portfolio commentary

During the December quarter, the Catalyst Fund's performance relative to the ASX200AI was positively impacted by:

- **Mineral Resources** shares rallied strongly (+32%) during the quarter, as lithium spodumene prices moved 92% higher. This sharp recovery was triggered by an upgraded demand outlook from stationary storage batteries combined with ongoing supply uncertainty from major Chinese operations. In November, Mineral Resources agreed to sell down a 30% stake in its operational lithium business to POSCO Holdings for a look through value for 100% of $3.9b, materially above the market consensus valuation of $2.6b. With completion expected in the first half of 2026, this transaction marks meaningful progress on resolving the market's lingering concerns around the company's balance sheet. In addition, in October Mineral Resources announced that the Onslow Iron Project achieved its nameplate 35Mtpa run rate over the prior three months, satisfying the conditions necessary to receive an additional $200m contingent payment related to the sale to MSIP of a 49% interest in the haul road. With haul road upgrades now complete and the project running consistently at nameplate capacity, this marks a significant de-risking milestone for the company.

- **Aurizon** shares strengthened (+14%) over the quarter, driven by positive above-rail volume updates and the announcement of a proposed 10-year extension to the company's regulatory arrangements with miners for access to the Queensland rail network. The agreement, which is subject to approval by the Queensland Competition Authority, enhances long-term earnings and cash-flow certainty for Aurizon's Networks business. Above-rail performance was supported by a strong start to New South Wales and Queensland coal volumes, commencement of BHP Copper railings as planned, and grain volumes tracking towards a record year.

During the December quarter, the Catalyst Fund's performance relative to the ASX200AI was negatively impacted by:

- **Weakness in the Energy sector:** Energy markets pulled back in the quarter, with brent oil prices trading down 10.5%, briefly dropping below $60/bbl which represents a 3-year low. Prices have been subdued due to oil supply strength as OPEC restored previous voluntary production cuts over the course of 2025 combined with a robust non-OPEC supply outlook. Despite the weakness in pricing, we continue to believe our energy-exposed investments are high quality assets and present attractive investments even based on conservative medium-term oil prices.
- **Qantas**: shares declined (-5%) in the December quarter partly driven by the near-term impact of a spike in jet fuel refining margins. In addition, at its AGM, Qantas revised expectation for domestic RASK (Revenue per Available Seat Kilometre) growth to 3%, at the lower end of its prior guidance range of 3-5%. This key airline revenue metric flagged some softening in the corporate air travel market at the time. We continue to believe that Qantas has a differentiated market position including its market-leading Frequent Flyer Program compared to global airlines. We expect further upside as strong execution persists and travel demand continues to grow, together with significant opportunities in the Loyalty division.

Stock Spotlight | BlueScope Steel

BlueScope (ASX:BSL) is an ASEAN and U.S. focused steel producer. The company converts iron ore/scrap primarily into flat steel, with facilities in Port Kembla (NSW), Ohio (United States) and New Zealand. BlueScope also manufactures higher value-added, coated and painted, branded steel products (e.g. Colorbond & Truecore building products). Over time the business has transitioned a greater portion of its earnings mix towards North America (see Figure 2), due to investment in facilities expansions and more favourable market dynamics associated with the tariff-protected American market (in comparison to Asian markets depressed by cheaper Chinese steel).

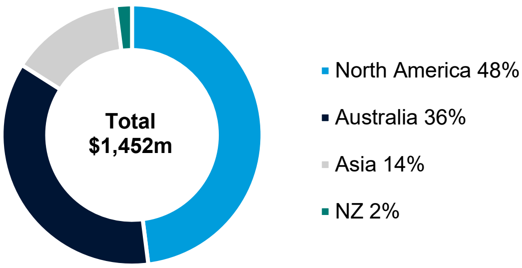
We refer our readers back to the Catalyst Fund September 2024 Quarterly report where we discussed our thesis and outlook for BlueScope and provided a more comprehensive business and investment overview. The L1 Long Short Fund has been a long-term shareholder in BlueScope for almost all of the last decade. We first invested in BSL at around $3.60 in 2015. We are currently its second largest shareholder, believing that the market persistently undervalues its unique and strategic asset base.

Figure 1: BlueScope Steel Capitalisation (A$b)

Market cap (08 January 2026)	$12.9b
Last reported net debt	$0.0b
Enterprise Value (EV)	$12.9b
FY27F EBITDA	$2.0b
FY27F EV/EBITDA	6.3x
FY27F P/E	15.4x

Source: Based on consensus estimates. Company financial year end is 30 June

Figure 2: FY25 EBITDA Split



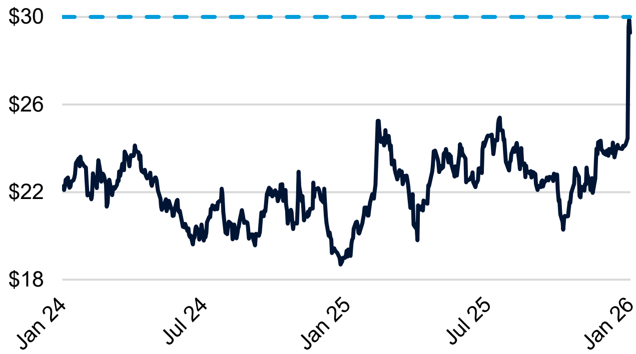
Source: Company filings

Consortium proposal for an acquisition of BlueScope

As announced on 5 January 2026, in late 2025 BlueScope received an all-cash Indicative Proposal to acquire all of its shares by scheme of arrangement at a valuation of A$30.00/sh from a consortium comprising SGH Limited and Steel Dynamics (STLD: NASDAQ). The proposal represented a 27% premium to the offer date share price (A$23.66/sh on 11 December 2025) and involved SGH acquiring BlueScope for cash and on-selling BlueScope's North American assets to Steel Dynamics.

Steel Dynamics is the fourth largest U.S. steel producer with a market capitalisation of ~US$25b and a focus on 'electric arc furnace' steel making, consistent with BlueScope's North Star steel mill in Ohio. The proposal was subject to various conditions, including due diligence and exclusivity. The Board of BlueScope have rejected the proposal, stating *"This proposal was an attempt to take BlueScope from its shareholders on the cheap. It drastically undervalued our world-class assets, our growth momentum, and our future – and the Board will not let that happen."*

Figure 3: BlueScope share price – last 2 years



Source: Factset

BlueScope also disclosed that it had received and rejected three prior offers from Steel Dynamics (including via an alternative consortium) over the course of 2024 and 2025, culminating in an offer to purchase the North American assets for A$24.00/sh and to distribute the non-North American assets to BlueScope shareholders, which it valued at 'at least' A$9.00/sh (for a total value of >A$33.00/sh).

On 14 January 2026, BlueScope announced its intention to pay a $1.00/sh special dividend to return surplus capital to shareholders, which it stated was *"independent of any prior or potential future proposals for the Company*."

Steel Dynamics' multiple attempts to purchase BlueScope's North American business should be considered against the backdrop of a market that has become highly consolidated over the last decade, with the top four producers representing ~75% of production capacity (vs. ~45% in 2000). As a result, competitive tension for independent North American steel assets has become significant, as evidenced by Nippon Steel's controversial ~US$15b acquisition of U.S. Steel in 2025 for a 142% premium, and Cleveland Cliffs' 2024 ~US$3b acquisition of Stelco at an 87% premium (Stelco being a Canadian asset but at the time exempt from U.S. tariffs).

Revisiting the L1 Thesis on BlueScope

The four proposals made by Steel Dynamics to acquire BlueScope, we believe, validates the core of our investment thesis, as articulated in our September 2024 report, that BlueScope's assets are high quality, resilient, strategic and almost impossible to replicate. Yet despite that, it has traded well below its sum-of-the-parts (SOTP) valuation and at a significant discount to U.S. peers (we note that there is no real Australian ASX peer universe for steel producers) notwithstanding its robust balance sheet, strong management team and improving fundamental trends across its different business segments.

We articulated significant valuation uplift on a SOTP basis specifically from:

- **U.S. steel making assets:** Unwarranted discount to U.S. peers, despite North Star being a superior asset in the market
- **Colorbond/coated products:** High quality buildings material business trading at a discounted multiple to key ASX peers
- **Land unlock:** 1,200ha of surplus land, significantly in NSW, to which the market has attributed little to no valuation.

Since we articulated our perspectives 15 months ago, BlueScope has seen multiple fundamental improvements to its outlook, further strengthening our conviction in the thesis, notably:

1. **U.S. steel market outlook:** In early 2025 the Trump administration materially increased steel tariffs, from 25% on selected nations with numerous exceptions, to 50% with no exemptions. Steel spreads have subsequently materially increased (US$313/t in H2 24 to US$497/t in H2 25, US$590/t at the 5 January 2026), drastically improving the profitability and resilience of U.S. steel producers. A US$10/t change in U.S. steel spreads results in a A$44m uplift in BlueScope North American earnings, all else being equal. At spot steel spreads we expect significant upgrades to North Star consensus estimates.
2. **North Star de-bottlenecking:** The company has made continuous progress to de-bottleneck an additional 300ktpa of production capacity (expected completion by FY 28). Combined with growth in the coated and painted steel segments, this will generate an additional >$200m in EBIT based on FY25 average steel spreads.
3. **Blast furnace re-line and MCL7 completion:** By the end of FY26, ~75% of the A$1.15b required to be spent on the Port Kembla blast furnace re-line will be completed. In addition, the MCL7 coating line investment, totalling A$415m will be complete, resulting in a significant reduction in capex from FY27, and a more future-proof, resilient business.
4. **NZ Electric Arc Furnace (EAF) conversion:** The conversion of the New Zealand Blast Furnace to EAF is approaching immediate completion with first production expected April 2026, for a total cost of A$300m. This project is expected to generate ~$80m improvement in EBIT vs. FY25 levels and to drastically improve business resilience in challenging market conditions.
5. **Cost out program and simplification:** BlueScope announced a proactive >A$200m annual earnings improvement from cost out and $250m in proceeds from working capital optimisations. In addition, it sold its JV interest in Tata BlueScope (India) for A$179m in proceeds, despite it having limited earnings contribution.
6. **Land monetisation:** The company has an implied valuation of up to ~A$2.8b for its land portfolio (realised over time), based on the initial West Dapto sale of 33Ha for A$76m.

We agree with the Board of BlueScope to reject the A$30.00/sh proposal. However, we recognise the market has persistently failed to recognise full value in the business and continues to do so despite the improvements articulated above to the medium-term outlook. As a result, we see merit in potential structural or corporate action to unlock this. We have been in discussions with the management and Board of BlueScope over several years on the most attractive options to realise value for shareholders, including alternative listings and asset sales of the North American BSL assets.

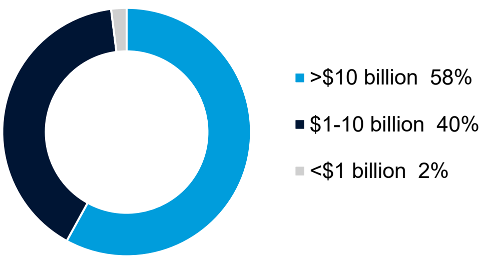
Any sale of a material portion of the business must however be at a fair value. Specifically, we note that the North American steel assets have not been anchored to typical 'market premiums' for control given their scarcity and strategic value. Our analysis indicates that on a sum-of-the-parts basis, the implied valuation should be higher. We believe there remains sufficient scope for BlueScope and the consortium to works towards a more appropriate outcome, noting that Steel Dynamics has previously submitted a proposal with an implied value of A$33.00/sh – 10% above than the current offer – which we still consider to be a discount to L1 Capital's assessment of fair value.

Regardless of the transaction outcome, we believe the outlook for BlueScope remains robust, with the company having several strategic options to unlock value over time.

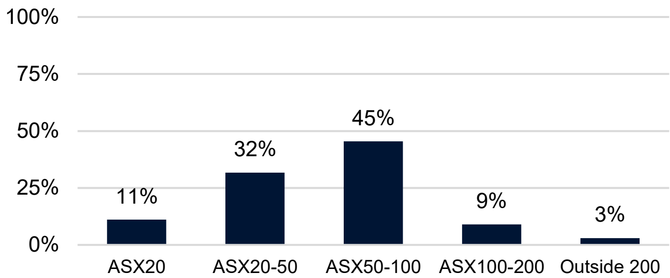
Portfolio exposures by primary catalyst as at 31 December 2025

	Strategic	Financial	Operational	Governance
Stock 1	✓			
Stock 2		✓		
Stock 3	✓			
Stock 4				✓
Stock 5		✓		
Stock 6		✓		
Stock 7			✓	
Stock 8	✓			
Stock 9			✓	
Stock 10			✓	

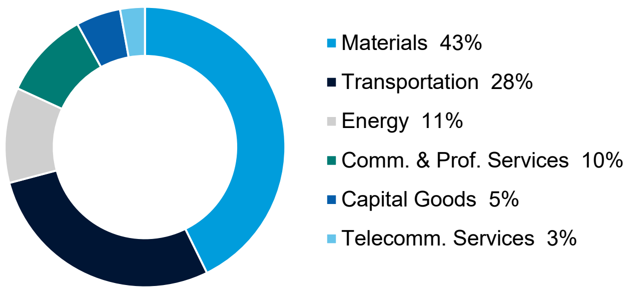
Market capitalisation exposure (%)



Market constituents exposure (%)



Sector exposure – GICS Level II (%)



Research Ratings

Awards

Money management Fund of the Year awards Innovation Award of the Year 2023

Note: All breakdowns shown are for stocks only (i.e. excluding cash).

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Fund Information

Fund/Class Name	L1 Capital Catalyst Fund – Retail Class
Currency	AUD
Investment approach	The Investment Manager seeks to deliver private equity-style returns with listed market liquidity by taking a hands-on ‘owner's mindset’ to each investment in a tightly focused portfolio of up to 10 companies.
Investment objective	To deliver strong positive risk adjusted returns over the long term.
Benchmark	S&P/ASX 200 Accumulation Index
Minimum investment	$25,000
Management fee*	1.28% p.a.
Performance fees**	20.5% (inclusive of GST and net of RITC) over benchmark, subject to any underperformance being recouped
Vehicle	Australian Unit Trust
Fund identifiers	ISIN: AU60ETL12936, APIR: ETL1293AU
Launch date	1 July 2021
Platform availability	Australian Money Market, BT Panorama, CFS FirstChoice, CFS FirstWrap, HSBC, Hub24, Macquarie Wrap, Mason Stevens, Xpand, Netwealth, North^, Powerwrap, Praemium

L1 Capital overview

L1 Capital is a global investment manager with offices in Melbourne, Sydney, Miami and London. The business was established by Raphael Lamm and Mark Landau in 2007 and continues to be majority owned by its founders and staff. The team is committed to offering clients best of breed investment products through strategies that include long-short equities, international equities, activist equities, global convertible debt and U.K. residential property funds. The firm has built a reputation for investment excellence, with all L1 Capital strategies delivering strong returns since inception. In October 2025, L1 Capital merged with Platinum Asset Management to create L1 Group (ASX: L1G), one of Australia's leading investment managers. The L1 Capital team remains dedicated to delivering on that strong reputation by providing market-leading performance via differentiated investment strategies with outstanding client service, transparency and integrity. L1 Capital's clients include large superannuation funds, pension funds, asset consultants, private wealth firms, financial planning groups, family offices, high net worth and retail investors.

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* Fees are quoted inclusive of GST and net of RITC. ** Performance fee is quoted inclusive of GST and net of RITC over benchmark, subject to any underperformance being recouped. ^ Managed account holders only.

Key service providers for the Fund are: Responsible Entity – Equity Trustees Limited, Fund Administrator and Fund Custodian – Apex Funds Services, Fund Auditor – EY, Legal Advisor – Hall & Wilcox. There have been no changes to key service providers since the last report.