EST. 1889

LawDebenture

ANNUAL REPORT AND FINANCIAL STATEMENTS

2025

The Law Debenture Corporation p.l.c.

LawDebenture

Law Debenture is an investment trust and leading provider of independent professional services. Founded in 1889 we have been listed on the London Stock Exchange for 136 years.

Connect with us

We are working to build more frequent communication with you, our shareholders. In addition to our Annual Report and Accounts you can register to receive our monthly Factsheet by email. You can also opt in to hear more about our market insights, upcoming events, and webinars. To register, simply scan the QR code using your smartphone. Open your camera, point it at the QR code, and follow the link to the relevant section of our website.

For more information visit our website: https://www.lawdebenture.com/investment-trust

For general enquiries, please contact the Company Secretary at: tsu.cosec@lawdeb.com

WIN* - Widening Investor Networks

Discover our financial education initiative, **WIN***.

WIN* aims to support those new to investing, acting as a trusted friend and family proxy. Our resources and events will deliver independent guidance and practical tips to retail investors.

Visit our website to register for updates, watch recordings of our recent events and access our insights and resources. To register, simply scan the QR code using your smartphone. Open your camera, point it at the QR code, and follow the link to the relevant section of our website.

Cover image: Courtesy of Mike Ironside *'City of evolution'* – LawDeb Lens 2026

LawDebenture

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Law Debenture has a highly differentiated business model

Portfolio

84% of NAV[1]

Managed by Janus Henderson Investors

OBJECTIVE: LONG-TERM CAPITAL GROWTH IN REAL TERMS AND STEADILY INCREASING INCOME

- Focused on long-term returns
- Ongoing charges ratio at 0.56%[2]
- Contrarian investment style:

– High quality companies with strong competitive advantage at attractive valuations

– Out of favour equities standing at valuation discounts to their long-term historical average

- Selective, bottom-up approach
- Diversified portfolio by sector (predominant UK weighting)

Independent Professional Services ('IPS') business

16% of NAV[1]

PENSIONS

The longest established and one of the largest UK providers of pension trustee services

CORPORATE TRUST

A leading independent corporate trustee across international capital markets

CORPORATE SERVICES

Range of outsourced solutions to corporates internationally

INTERNATIONAL PRESENCE:

United Kingdom, New York, Ireland, Hong Kong, Delaware, Cayman Islands and Channel Islands

We believe that all divisions have potential for further growth in expanding markets. Our plan to achieve this is by increasing our market share through better leveraging of technology, our strong relationships and our brand

Significant, consistent income contribution from IPS gives greater flexibility in stock selection

1 Please refer to page 40 for an explanation of net asset value with debt and IPS at fair value. The investment portfolio and IPS comprise 97% and 3% of statement of financial position net assets respectively. Please refer to Note 6.

2 Considered to be alternative performance measure and is described in more detail on page 168.

Before investing in an investment trust, you should satisfy yourself as to its suitability and the risks involved, you may wish to consult a financial adviser. This is a Financial Promotion approved on 10 March 2026. Please refer to the AIFMD disclosure document or key investor document of the AIF before making any final investment decisions. Past performance does not predict future returns. The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested. NAV performance is not the same as share price performance and investors may not realise returns in line with NAV performance. Tax assumptions and reliefs depend upon an investor's particular circumstances and may change if those circumstances or the law change. Nothing in this document is intended to or should be construed as advice. This document is not a recommendation to sell or purchase any investment. It does not form part of any contract for the sale or purchase of any investment.

Law Debenture's Investment Proposition

Consistent dividend growth

47 years of increasing or maintaining dividends to shareholders (119.1% increase in dividend over the last ten years)

8.2% CAGR of dividend over the last 10 years

6.0% increase in 2025 DPS (2024: 4.7%)

137 years of history

Long-term record

of value creation for shareholders

Strength and diversity of income

Flexibility and valuation uplift from IPS + consistent portfolio outperformance

IPS enables greater flexibility in Portfolio holdings

IPS accounts for 16% of the 2025 NAV but has funded c.1/3 of dividends over the last 10 years

Portfolio differentiators:

- Ability to hold zero/low dividend yield shares (eg; Ceres, Flutter, M&S)
- Ability to avoid high dividend yield stocks in industries in structural decline
- Ability to invest flexibly overseas

Focus on delivering long-term outperformance

Outperformance of our benchmark, the FTSE Actuaries All-Share Index, by 77.4% over ten years (22.7% over five years and 12.6% over three years)

Ongoing charges ratio of 0.56%

IPS has a proven record of growth under the management team

IPS valuation[3] has increased by 66.5% between 2020 and 2025 to £208.7m[1]

CAGR of 10.8% in net revenue and 6.4% in underlying PBIT[2] over the last five years

Ambition to grow profits of IPS by mid to high single digit percentage growth

UK weighting (90% Portfolio) has potential to outperform

UK has lagged global stock markets in recent years

Over 75%[4] earnings of the FTSE 100 come from outside the UK

Significant UK valuation discount has attracted M&A activity

1 Increase in total annual valuation of Independent Professional Services business, excluding net assets. For a calculation of this please refer to page 147.
2 PBIT is stated on an underlying basis in 2024. See alternative performance measures on page 169 for reconciliation to statutory PBIT and details of non-recurring items.
3 Please refer to page 40 for an explanation of net asset value with debt and IPS at fair value. IPS valuation excludes IPS net assets.
4 Source, London Stock Exchange.

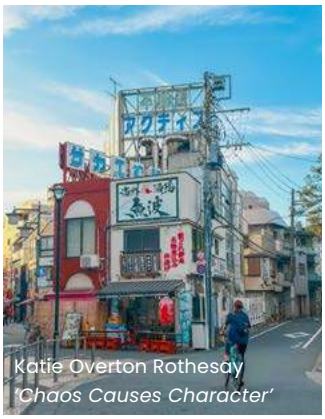
Law Debenture: Awards

We were delighted our continued commitment to delivering peace of mind to a variety of our stakeholders was again recognised through a series of notable award wins in 2025. At the Investment Week Investment Company of the Year Awards we were named winner of the Shareholder Initiative category. COO Trish Houston noted that "for several years now we have been working hard to ensure our shareholders understand the unique value our combined business brings, by improving our disclosure, participating in retail investor events and in launching our Widening Investor Networks ('WIN') initiative. It is rewarding to know that our message is being heard, as we deliver peace of mind to our Shareholders". Having won at the AJ Bell Investment Awards in the 'Income – Active' category for the last three years we were happy to win the Income Company of the Year category in 2025. CEO Denis Jackson shared "It's brilliant to receive this recognition from AJ Bell's customers for another year, this time in a broader category. We are pleased that investors continue to see value in the unique and differentiating combination of the Independent Professional Services business and equity portfolio that Law Debenture offers." In the second Quoted Data Awards, voted for by private investors, Law Debenture was named Best for Income. Another highlight was being named by The Association of Investment Companies as an AIC ISA Millionaire, that is one of the investment trusts that would have made investors more than £1 million if they had invested the full annual ISA allowance in the same trust each year, for the last 25 years.

We were proud to feature highly once again in the FTSE Women Leaders' Review. Following the Report's release in February 2026, which saw LawDeb placed 2nd in the Financial Services sector and 12th overall in the FTSE 250, CEO Denis Jackson shared "I take immense pride in knowing that for many of our colleagues, Law Debenture's workplace represents the most diverse community in which they participate. This is a reflection of both our values and our commitment to creating an environment where different perspectives thrive. This year's Report is once again encouraging in the journey towards gender balance, and shifting cultures, in UK workplaces." Continuing to be recognised for our success in delivering results through a diverse and inclusive workforce, Law Debenture won Most Impact at the INSEAD Alumni Balance in Business Initiative as was included on the Roll of Honour. Turning to our IPS business, it was fantastic to win Independent Trustee Firm of the Year at the Irish Pensions Awards, great recognition for our pensions team in Ireland as they celebrate their fifth anniversary in 2026.

LawDeb Lens: Annual Amateur Photography Competition

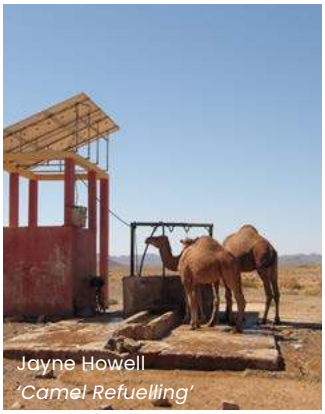
Enjoy the LawDeb Lens 2026 shortlisted and winning photos. The theme for this year was 'Evolution'.


Katie Overton Rothesay
'Chaos Causes Character'

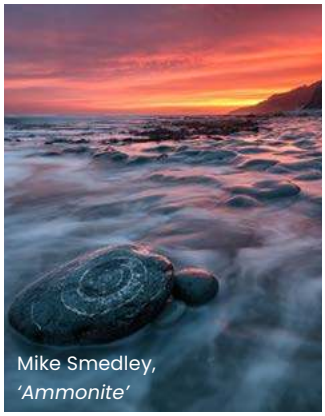
Charlotte Drake
'Stone and Steel'

Craig Campbell
'The Kelpies: Forged in Time'

Chris McComb
'Evolution of transport'

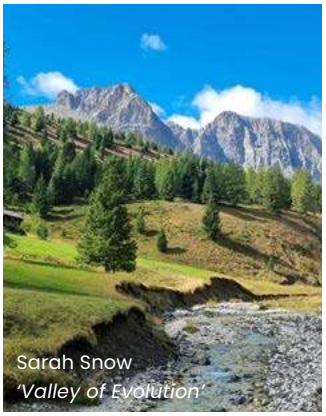

Jayne Howell
'Camel Refuelling'

Lucy Swart-Mallett
'From pavement to plate'

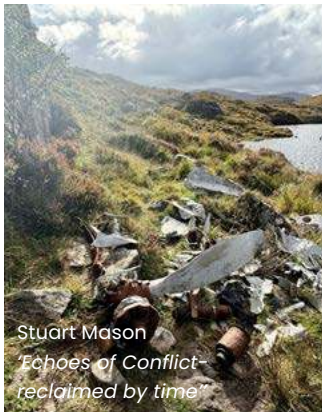

Mike Smedley,
'Ammonite'

Richard Knight
'Back to the Future'

Joanna Jenkins
'Rose-Tinted'


Sarah Snow
'Valley of Evolution'

Sara Leacroft
'Sands of change'


Stuart Mason
'Echoes of Conflict- reclaimed by time'

Underpinned by our corporate values of 'better together' and 'never stop learning', our events create opportunities for colleagues, Shareholders, clients, referring partners and other stakeholders to connect, learn, share knowledge, and celebrate achievements.

We host an annual, now very well-established, events programme focused on financial education initiatives, innovation in the pensions industry, corporate governance and more informal industry networking. One of our standout initiatives is **LawDeb Lens**, our annual amateur photography competition, now in its ninth year. This competition invites all within the wider LawDeb community to showcase their creativity around a topical theme.

Each year, we are impressed by the quality and diversity of submissions, as well as the unique and inventive ways participants interpret the chosen theme. Throughout the Report you will see photos that have been entered into the Lens competition over the years.

The theme for 2025 was 'Evolution' reflecting the evolving nature of our 136-year-old business. COO Trish Houston affirms, "LawDeb has survived, adapted, and thrived through wars, technological advancements, pandemics and countless economic and political transformations. The only constant through it all, is change - something we embrace as we set the business up for its next 136 years!"

Financial Summary

	31 December 2025 £000	31 December 2024 £000	Change %
Net Asset Value – with debt and IPS at fair value[1]*	**1,440,357**	1,150,512	**25.19%**
Total Net Assets per the statement of financial position~	**1,202,075**	931,371	**29.07%**
	Pence	Pence	
NAV per share at fair value[1]*	**1,081.49**	872.34	**23.98%**
Group statutory revenue return per share†	**37.26**	33.48	**11.29%**
Capital return per share	**192.28**	40.51	**374.65%**
Dividends per share	**35.50**	33.50	**5.97%**
Share price[4]	**1,054**	893	**18.03%**
	%	%	
Ongoing charges[3]*	**0.56%**	0.51%	
Gearing*	**12%**	11%	
(Discount)/premium* at 31 December	**(2.5%)**	2.4%	

~ The comparative has been restated to reflect dividend removed from shareholders' funds. Refer Note 29.

† Underlying Group revenue return was 34.27 pence per share in 2024.

For reconciliation of NAV at fair value per the above to published year end NAV please refer to page 40.

Performance

	1 year %	3 years %	5 years %	10 years %
NAV total return (with debt at par)[2]*	**29.2**	**58.6**	**78.8**	**184.5**
NAV total return (with debt at fair value)[2]*	**28.4**	**59.1**	**96.6**	**200.8**
FTSE Actuaries All-Share Index Total Return[4]	**24.0**	**46.5**	**73.9**	**123.4**
Share price total return[4]*	**22.2**	**53.1**	**85.0**	**212.4**
Change in Retail Price Index[5]	**3.4**	**13.2**	**37.3**	**55.6**
Relative performance (NAV at FV)	**4.4%**	**12.6%**	**22.7%**	**77.4%**
Relative performance (Share Price)	**(1.8)%**	**6.6%**	**11.0%**	**88.9%**

** Items marked "*" are considered to be alternative performance measures and are described in more detail on page 167.*

1 Please refer to page 40 for calculation of net asset value. Please note change in NAV per share in the financial summary does account for the effect of dividends on total return.

2 NAV is calculated in accordance with the AIC methodology, based on performance data held by Law Debenture including fair value of the IPS business and borrowings. NAV is shown with debt measured at par and with debt measured at fair value and both total returns account for shareholder returns through dividends.

3 Ongoing charges are calculated based on AIC guidance, using the administrative costs of the investment trust and include the Janus Henderson Investors' management fee, currently charged at the annual rate of 0.30% of the portfolio value. There is no performance related element to the fee. Gearing is described in the Strategic Report on page 36 and in our alternative performance measures on page 168.

4 Source: LSEG, London Stock Exchange Group.

5 Source: Office for National Statistics.

Past performance is not a guide to future performance. Capital at risk.

Key Statistics

for the year ended 31 December 2025

13.3%
Growth in statutory revenue PBT (2024: 1.7%).

11.3%
Growth in statutory revenue EPS (2024: 0.1%)

22.2%*
Share price total return
(2024: 15.9%)

28.4%[1]
Growth in Net Asset Value – including debt and IPS at fair value total return
(2024: 13.6%)

0.26%
Average premium in share price versus reported NAV (with debt and IPS at fair value)
(2024: (0.10)% discount)

6.1%[4*]
Growth in IPS underlying PBIT
(2024: 6.3%)

0.56%[2*]
Ongoing charges ratio

6.4%[4*]
5 year compounding annual growth rate in IPS underlying PBIT
(2024: 6.9%)

6.0%
Proposed increase in 2025 dividend per share
(2024: 4.7%)

66.5%[3*]
Increase in IPS valuation from 2019 to 2025
(2024: 83.6%)

A consistent long-term out-performer

** Items marked "*" are considered to be alternative performance measures and are described in more detail on page 167.*

1 Please refer to page 40 for calculation of net asset value.

2 Ongoing charges are calculated based on AIC guidance, using the administrative costs of the investment trust and include the Janus Henderson Investors' management fee, currently charged at the annual rate of 0.30% of the Investment Portfolio. There is no performance related element to the fee. Gearing is described in the Strategic Report on page 36 and in our alternative performance measures on page 168.

3 Calculated using the published fair value of IPS business, excluding net assets, over the past five years.

4 PBIT is stated on an underlying basis. Please refer to alternative performance measures on page 169 for reconciliation of statutory PBIT to underlying PBIT. Additionally, in 2025 net interest on the defined benefit pension asset/liability has been included within net interest below PBIT. In all prior years interest on the pension asset/liability was presented within admin expenses. To aid comparability of underlying PBIT across years, the net interest income/expense on the pension asset/liability in prior years has also been represented within interest income/expense in the APMs, with prior years underlying PBIT represented on this basis. This impacts APMs only. As the net pension interest is not material at the group level, no adjustment has been made in the primary financial statements.

Chairman's Statement

Performance

Law Debenture has achieved a very pleasing performance for the year ended 31 December 2025 in a period marked by modest economic growth, easing inflationary pressures and continued political and geopolitical uncertainty. While interest rates appear to have stabilised during the year, macroeconomic and market volatility has remained a feature of the investment landscape.

2025 saw a strong recovery in UK equity performance, although UK valuations remain attractive by historical and international standards. However, market returns were increasingly concentrated in a relatively narrow group of stocks and sectors benefitting from improving economic sentiment and short-term momentum.

In this context, the combination of a diversified Investment Portfolio and another good year of underlying performance for IPS has again enabled Law Debenture to deliver capital growth and increased dividend income for shareholders.

Law Debenture's long-term record of benchmark outperformance continues to be robust. In 2025, Net Asset Value ('NAV') with debt and the Independent Professional Services ('IPS') business at fair value delivered a strong return of 28.4%, while share price total return of 22.2% outperformed the AIC UK Equity Income sector weighted average return of 20.2%. Law Debenture has outperformed the FTSE All-Share Index (Total Return) weighted average return in 21 of the past 26 years.

This performance reflects the continued strength of the Company's underlying performance and highlights the benefits and importance of its disciplined investment approach and diversified structure.

The Board is conscious that the wider investment trust sector is undergoing a period of significant change. During 2025, there was a sharp increase in corporate and shareholder activity across the industry, including greater use of share buybacks, several proposals for consolidation, and heightened focus on discounts to NAV. Share buybacks increased 36% in 2025 to £10.22b (vs £7.51b in 2024), while there were 27 mergers, acquisitions and liquidations across the sector, up from 24 in 2024.[1] This has been accompanied by more active engagement from certain shareholders in parts of the sector, prompting wider discussions around performance, governance and shareholder alignment.

The Board monitors developments across the investment trust sector closely and remains attentive to matters relevant to Law Debenture. We believe the Company's long-term investment approach, diversified structure and strong governance leave us well placed to navigate this evolving environment successfully in the best interests of shareholders.

Dividend income received from our Investment Portfolio, was up 16.1%, from £34.7m in 2024 to £40.3m in 2025, driven by net investment during the year, including specific sectors with dividend yields greater than the portfolio. The net revenue from our IPS business increased 7.5%.

Overall, our statutory revenue profit before tax was up 13.3% and our statutory revenue EPS was up 11.3%. The prior year was affected by £1.0m of non-recurring costs. Excluding the impact of these, our underlying revenue profit before interest and tax was up 10.8%, and our underlying EPS was up 8.7%.

1 Source: IFA Magazine "Investment Trust 2025 review: another record year for corporate activity, 13 January 2026".

Chairman's Statement continued

Awards

The Board was pleased to see the Company recognised again during the year.

Law Debenture was named Best for Long-Term Income-Active at the QuotedData Awards and Income Company of the Year at the AJ Bell Investment Awards, reflecting the strength and consistency of our income-focused investment approach. The Company also received the Shareholder Initiative of the Year Award at the Investment Week Investment Company of the Year Awards, reflecting Law Debenture's commitment to meaningful and proactive shareholder engagement and communication within a changing investment trust environment.

This recognition builds on the awards received in recent years and reinforces the Company's standing within the AIC UK Equity Income sector.

Dividend

We are proud of Law Debenture's record of increasing or maintaining dividends, which now extends to 47 consecutive years. This record continues to be underpinned by the consistent cash generation of the IPS business, which provides an important and stable source of income alongside dividends received from the Investment Portfolio.

Subject to your approval, we propose paying a final dividend of 10.375 pence per ordinary share. The final dividend will be paid on 29 April 2026 to holders on the register on the record date of 20 March 2026. This will provide shareholders with a total dividend of 35.50 pence per share for 2025, an increase of 6.0% compared to 2024 and fully covered by earnings for the year.

The dividend increase is ahead of CPI and represents a dividend yield of 3.1% based on our closing share price of 1,132 pence on 10 March 2026. Over the last 10 years, we have increased the dividend by 119.1% in aggregate.

Our Portfolio

Our Investment Managers, Janus Henderson Investors, continue to manage a differentiated portfolio of high-quality businesses with strong competitive positions, resilient balance sheets and attractive long-term growth prospects. The portfolio delivered strong overall returns in 2025.

Dividend income of £40.3m from the Portfolio was £5.6m higher than 2024, alongside a total capital profit for the year of £255.2m, driven by movements in the value of the Portfolio holdings.

The Board continues to support the Managers' disciplined approach, which focuses on valuation, sustainability of earnings and cash generation, and prudent capital allocation.

IPS

IPS remains a key differentiator for Law Debenture and an important contributor to long-term NAV progression. In 2025, IPS continued to deliver resilient earnings and cash flow, reinforcing its role as a stabilising influence during periods of market volatility and a meaningful contributor to shareholder returns.

Although accounting for only c.16% of our NAV at 31 December 2025 (with IPS and Debt at Fair Value), the IPS business has funded around a third of our dividends in the last 10 years and delivered a compound annual growth rate in underlying profit before interest and tax of 6.4% over the last five years.

The value of IPS as a percentage of the Trust's NAV fluctuates from year to year and is influenced both by the performance of the portfolio as well as IPS. The benefit of the Trust's ownership of IPS is both the contribution that IPS makes to income as well as the capital growth in IPS valuation.

IPS delivered another year of growth, supported by a degree of counter-cyclicality in some of our businesses. Corporate Services and Corporate Trust were the strongest performers, achieving net revenue growth of 12.2% and 9.3% respectively, with Pensions broadly flat.

The Board continues to have confidence in IPS' ability to deliver sustainable growth, supported by ongoing investment in people, systems and technology.

Capital structure

In 2025, the Group issued 1.3 million new ordinary shares to existing and new investors, with net proceeds of £11.6m to support ongoing investment. Shares were issued at a premium to NAV to be accretive to existing shareholders. No shares were bought back during the year.

Environmental, Social and Governance ('ESG')

The Board remains committed to high standards of governance and to embedding environmental and social considerations across the business. The IPS business is founded on the provision of independent governance services, and diversity and inclusion remain central to this work. ESG considerations continue to form an integral part of investment decision-making within the Portfolio. For further details, please refer to our ESG section on pages 53 to 62.

The Board

There were no changes to the composition of the Board over the course of the year.

Annual General Meeting ('AGM')

The AGM will be held Friday, 24 April 2026 at 11.00am. In order to welcome as many of our shareholders as possible, we will hold the AGM at the offices of our joint corporate broker Peel Hunt and not at our own office. Please join us at Peel Hunt, 7th Floor, 100 Liverpool Street, London EC2M 2AT. The Board and wider Law Debenture team value the chance to meet with our shareholders and hear your thoughts about the Company, so we hope that you are able to join us for the AGM and light lunch.

Chairman's Statement continued

Looking forward

UK equity markets recorded a strong year in 2025, supported by improving sentiment and a partial re-rating from historically depressed valuation levels. That said, market returns were uneven and driven by a relatively narrow group of stocks benefitting from improving economic expectations.

The wider market backdrop is improving, but uncertainty remains. By the end of 2025, inflation had receded from the elevated levels experienced in recent years, but interest rates remain materially higher than those that prevailed for much of the period following the global financial crisis in 2008/09. Investors are increasingly able to look beyond the immediate challenge of price instability, but uncertainty continues to influence valuations and overall investor behaviour.

In this context, our Investment Managers continue to focus on identifying high-quality businesses with strong competitive positioning, resilient balance sheets and attractive long-term growth prospects, rather than seeking to capture short-term market trends.

The great majority of the Investment Portfolio remains invested in UK equities, although a significant proportion of underlying earnings is generated outside the UK. Even after the market recovery seen in 2025, our Investment Managers believe that a number of UK companies continue to trade at valuations that do not fully reflect the quality of their businesses or their long-term prospects, even if the timing of any re-rating remains uncertain. Many companies continue to deploy surplus capital through share buy-backs and disciplined investment, while M&A interest from overseas corporates and private equity looks set to continue into 2026.

Law Debenture remains well-positioned with a long-term focus on a diversified portfolio of conservatively managed businesses, often market leaders, that are capable of generating sustainable earnings and cash flows across different economic environments. Meanwhile, IPS continues to provide a stable and growing source of earnings and cash flow. Its services remain well sought after, its brand reputation is strong and opportunities to increase market share remain considerable. All of this supports continued NAV and dividend progression, while acting as a stabilising influence during periods of market volatility.

The Board and our Investment Managers believe Law Debenture is well-positioned to navigate a range of potential economic outcomes and to continue to deliver attractive long-term returns across market cycles.

On behalf of the Board, I would like to thank our Investment Managers and skilled workforce for their hard work, and our shareholders for their continued support.

Robert Hingley
Chair of the Board
10 March 2026

Chief Executive Officer's Review

Introduction

2025 was a strong year for Law Debenture, with the Group again delivering against our long-term investment proposition. Amid a mixed economic backdrop and ongoing geopolitical uncertainty, we were able to deliver continued Net Asset Value ('NAV') and share price growth, and increased income, for shareholders, while further strengthening our IPS business.

I am pleased with our performance across all key measures. Law Debenture delivered NAV total return with debt and Independent Professional Services ('IPS') at fair value of 28.4%. This is an exceptional outcome and reflective of the hard work of our Investment Managers and colleagues.

Equity markets performed well during the year and this supported a share price total return of 22.2%, above the AIC UK Equity Income sector weighted average return of 20.2%. We are pleased that shareholders benefited from a year of substantial value creation alongside continued dividend growth. Our record over three, five and ten years continues to consistently outperform both the benchmark and the majority of our key sector peers, and we are also proud to report our 47th year of maintaining or increasing dividends, with a 6.0% increase this year.

Our investment portfolio, run by Janus Henderson Investors, demonstrated the effectiveness of our managers' valuation-focused, moderately contrarian approach which aims to identify good quality, predominantly UK-listed companies often trading on low valuations but positioned to benefit from structural changes. In a year where UK stocks performed better than the major American indices, the portfolio continued to benefit from UK holdings, most of which generate revenues both at home and overseas.

> We delivered on our two main objectives, producing NAV growth and continuing to increase income for shareholders

This disciplined approach and the portfolio, which accounts for 84% of Law Debenture's NAV with Debt at Fair Value, combines with our Independent Professional Services business, representing 16% of NAV, to offer investors a truly differentiated proposition that is underpinned by strong cashflows and a robust balance sheet. The combination enhances resilience through the cycle, a unique benefit among investment trusts, and continues to validate the strength and durability of our business model and strategy.

The quality of our proposition was again recognised externally during the year. We were delighted to be named Income-Active Company of the Year at the AJ Bell Investment Awards, Best for Income at the QuotedData Investors' Choice Awards, and Shareholder Initiative of the Year award at the Investment Week Investment Company of the Year Awards. These awards reflect not only investment performance and continued delivery from our colleagues, but also a strong focus on, and pride in, our engagement with our much valued shareholders.

Chief Executive Officer's Review continued

IPS delivered another year of progress, recording its eighth consecutive year of mid to high single digit revenue and underlying profit growth. IPS business net revenues (gross revenue less direct costs incurred) increased by 7.5% to £57.7m (2024: £53.7m), and statutory profit before interest and tax ('PBIT') was £16.7m. Excluding the impact of £1.0m of non-recurring costs in the prior year, the underlying PBIT of IPS increased 6.1%. Statutory Profit Before Tax ('PBT') increased 15.8% to £17.7m.

IPS remains a core differentiator for Law Debenture, with its reliable and diversified income streams helping to underpin dividend growth and enhance the stability of returns for shareholders. This has contributed to the Group delivering a 119.1% increase in dividends over the last ten years. The steady flow of income continues to give our investment managers greater flexibility in portfolio construction, enabling investment across a wider set of value opportunities than many of our sector peers further supporting the potential for attractive long-term returns.

During the year we continued to place a strong emphasis on fostering a collaborative and stimulating culture. My firm belief is that the quality of our people is our greatest asset, and that investing in their development is essential to the long-term health of the Group. This commitment was recognised when Law Debenture won the award for Most Impact at the 2025 INSEAD Alumni Balance in Business Initiative Awards, reflecting the progress we continue to make in building a balanced and inclusive workplace.

The investment trust sector is itself going through a period of heightened activity and change. The involvement of Saba Capital during 2025 and into 2026, and the repercussions felt across several investment trusts, is forcing closed-end funds to be clear about their relevance and value proposition. We view this environment as a positive catalyst that rewards clarity of purpose, strong governance and well-differentiated propositions.

Against this backdrop, our focus remains wholeheartedly on the execution of our business plan, and delivering against our objectives to achieve long-term capital growth in real terms and steadily increasing income for shareholders.

Corporate Trust

Law Debenture was incorporated to act as a bond trustee in 1889. The role of a bond trustee is to act as bridge between the issuer of a bond and the individual bondholders. Our responsibilities as bond trustee can vary materially whether servicing either performing or defaulted bond issues.

Normal obligations for the bond trustee to support performing issues could include communication to the bond holders of financial or security data together with the distribution and/or receipt of covenant information. For completion of this work, we are typically paid an annual fee throughout the lifetime of the bond. This fee is inflation linked for the majority of our existing book of business. When an amendment to bond documentation is required, we can also earn additional revenues to complete the necessary changes.

When bonds default, the workflow, risk and revenue profiles of our role can materially change. A key duty of the bond trustee is to be the legal creditor of the issuer on behalf of the bondholders.

Our role in such default situations requires material incremental work that, given a favourable outcome, can lead to significant additional income for us. That said, defaults often take years to play out and the results are uncertain. Given this long dated and fluctuating backdrop, our revenues for this work in any specific calendar year can be somewhat lumpy. However, such post issuance work has strong economic counter cyclicality and has produced sound returns for our shareholders over time.

Case Study: Juventus Football Club S.p.A

Our role as Trustee provides interesting and diverse appointments. With sport being a particular focus for the firm, we were delighted to be appointed on a €150m senior secured fixed rate note private placement by Juventus Football Club S.p.A. for a period of 12 years. The transaction is intended to optimise the club's debt structure by increasing the average maturity profile and the fixed-rate portion of their debt, as well as reducing its average cost over time. The Notes were fully subscribed by PGIM. In our role as security agent we hold security (which includes the stadium and ticket sale revenue) for the benefit of the holders of the Notes.

Corporate Trust – *Market dynamics*

New issuance in debt capital markets has always been an important driver of revenues. As well as receiving an ongoing (typically inflation-linked) annual fee for our work, we also receive an upfront fee upon appointment to a role. Following a very strong 2024 when primary market new issuance grew by 20%, deal volume in Europe was up a more modest 10% year on year (source Dealogic) in 2025. As we noted at the half year, 'Liberation Day' in early April led to a spike in market volatility and decline in primary market activity until new issuance levels were established. Sentiment steadily improved as the year progressed and we finished the year with Corporate Bond spreads again hitting new multi-year lows (source ICE Data Indices). Globally the interest rate cutting cycle continued with The Bank of England, Federal Reserve and ECB again all reducing borrowing rates during the year. Particularly pleasing to see were appointments to support the allocation of new capital to emerging and fast-growing areas of the economy such as construction of data centres and the development of energy infrastructure.

Demand for our post-issuance work is hard to predict and is strongly countercyclical. As has been widely reported, some elements of the UK economy were weak in 2025. Consequently, across our portfolio of business, we did complete several incremental workstreams relating to restructuring projects on behalf of bondholders.

Chief Executive Officer's Review continued

We are proud to have delivered a 119.1% increase in dividends per share over the last ten years, with 47 years of increasing or maintaining dividends.

We have invested in new people and technology to support our Loan Agency efforts. As the year progressed, we were pleased to achieve an increasing number of appointments where we acted as both the Security Agent and Loan Agent on a transaction. Private Credit as an asset class continues to grow rapidly and market participants are increasingly using non-bank service providers to support transactions. We will look to build further momentum in this sizeable market.

Over the past five years or so we have made particularly pleasing progress with respect to the expansion of our Escrow product and solutions. By way of reminder, an escrow solution allows two parties the ability to transfer an asset with a trusted independent middle-man ensuring that certain conditions of the transaction have been met by both sides prior to completion. A key market development has been the Solicitors Regulatory Authority ("SRA") through recent consultations (late 2024/2025), signalling a shift away from law firms holding client money. Our deep domain expertise coupled with our ability to move fast and means to consider non-standard transactions gives us our competitive advantage. During the year we provided escrows to support transactions across a considerable range of sectors and had our busiest ever month in December.

DIVISION	Net revenue 2021** £000	Net revenue 2022** £000	Net revenue 2023** £000	Net revenue 2024** £000	**Net revenue 2025 £000**	**Growth 2024/2025 %**
Corporate trust	10,025	11,077	13,027	14,555	**15,912**	**9.3%**
Pensions	13,060	14,343	17,396	16,694	**16,615**	**(0.5)%**
Corporate services	18,501	19,749	20,086	22,412	**25,152**	**12.2%**
Total	41,586	45,169	50,509	53,661	**57,679**	**7.5%**

** Total net revenue is calculated by reducing segment income of £66,699k by cost of sales of £9,020k. Please refer to note 6 for the IPS segmental analysis.*
*** Comparative periods reflect transfer of loan agency business from Corporate Services to Corporate Trust for comparability with 2025.*

Corporate Trust – *Highlights*

Following very strong 17.6% growth in revenues in 2023, and 11.7% growth in revenues in 2024, we are delighted to report revenue growth of 9.3% in 2025. This is an excellent cumulative growth for what is a 136-year old business. Why have we been able to achieve this?

The revenues for this business are underpinned by a very well diversified book of long-term inflation linked fee-based transactions that have been built up over many decades. This is hard won and has considerable franchise value, over and above the cash flow value of the business, by virtue of the client and referral partner networks that have created and continually renew it.

However, the business' revenue growth profile has not been and will never be linear and, following such a strong period of cumulative growth, it is reasonable to expect some sort of reversion to a long term mean for revenue growth (mid to high single digits) in 2026 and beyond.

The two main differentiating factors that have driven our growth in recent years have been (i) the refresh and expansion of our expertise for products and services and (ii) the addition of dedicated business development resource and the introduction of an explicit business development metric(s) for each team member. Law firms have always been crucial to our business and we have made a consistent, systematic effort to reinvigorate these types of relationship that are our bedrock.

We completed a number of notable new transactions during the year including the establishment of an Medium Term Note programme for Magnum Ice Cream Company following its demerger from Unilever, a structured debt instruments issuance programme for Crédit Agricole Corporate and Investment Bank, the issuance of subordinated notes by Hampshire Trust Bank plc, a sukuk issuance where the underlying obligor is the Republic of Türkiye, and a JPY 200 billion convertible bond issuance by Nissan Motor Co., Ltd.

Chief Executive Officer's Review continued

Corporate Trust – *Outlook*

We have had three years of above-trend revenue growth at a compound annual rate of 12.8%. This is a great business but year-on-year revenue growth is hard to predict. We believe realistic longer-term revenue growth expectations should be in line with our broader ambitions for the IPS business (i.e mid to high single digit growth).

We continue to invest in additional headcount to join our Treasury team, our Loan Agency team, and have added incremental resource in Hong Kong.

Eliot Solarz was appointed to head our Corporate Trust business at the beginning of 2018. Over the eight years since his appointment, we have grown our revenues by a compound annual rate of 9.1%.

We have every confidence that this business will continue to produce solid returns for our shareholders over time.

Pensions

We are the longest-serving and one of the largest independent providers of pension trusteeship in the UK with approximately 250 appointments.

Our Pensions Governance (formerly Pegasus) offering of outsourced pensions executive and governance solutions continues to be a leading provider in a competitive market, developing new propositions that further support our clients and demonstrate our investment and commitment to the industry.

Pensions – *Market dynamics*

Market Landscape and Opportunities

2025 underscored the critical importance of expert pension scheme trusteeship and robust governance. Strengthened funding positions across many schemes have reignited corporate sponsor interest in comprehensive "end-game" strategies. Organisations are actively considering buy-in and buy-out options, alongside evaluating the potential to retain schemes with long-term surplus positions. This evolving environment reinforces the essential role of independent professional pension expertise—particularly through corporate sole trustee solutions. These models address succession challenges, optimise resource and deliver the specialised skills required to navigate complex strategic decisions.

Many schemes connected to the Pensions Dashboard which in turn initiated more engagement with administrators and how they are supporting members and clients.

Legislation and Regulation

After a period of relative regulatory stability, significant developments emerged with the introduction of the new Pensions Bill to Parliament in June 2025. Accompanied by wide-ranging announcements covering Defined Benefit (DB), Defined Contribution (DC), and Local Government Pension Schemes, this legislation positions pensions firmly as a government priority. A key enhancement enables DB schemes to access surplus extraction more efficiently, providing trustee boards and corporate sponsors with greater flexibility. These changes are expected to drive increased demand for premium professional trustee services. While the Autumn 2025 Budget contained limited pensions-specific measures, further developments are expected in 2026 and beyond, with pensions remaining high on the government's agenda.

Independent Trusteeship

More than 50% of UK occupational pension schemes now have an independent trustee—a clear recognition of the value of impartial oversight. The market remains competitive, with a notable rise in tenders for trustee services and growing interest in the Corporate Sole Trustee (CST) model. Our team-based approach is well aligned with this trend, delivering resilience, continuity, and deep expertise.

Case Study: Incorporating sustainability in the selection of infrastructure managers

A large Corporate Sole Trustee client was transitioning into infrastructure assets with a substantial investment allocation. The investment advisor organised a "beauty parade" featuring three highly rated managers in this sector. At the conclusion of the selection day, two managers were identified as preferred providers. However, the Trustees raised concerns regarding the sustainability characteristics of certain assets within the energy sector of one of the funds, leading to the process being paused to conduct further due diligence,

Additional discussions were held both internally, through a "peer panel" comprising four independent LawDeb Trustee Directors and consultations with two other Trustees with expertise in this area, and externally, with an ESG expert from the investment consultancy. These discussions aimed to assess the ESG characteristics and risks of the relevant assets in the context of a future energy transition. As a result, the Trustees decided to introduce a fourth asset manager into the process, who was ultimately appointed in place of one of the initially preferred managers.

Pensions – *Highlights*

Unsurprisingly, as we have flagged previously, following an outstanding 2023 our revenues have normalised. Our broadly flat year-on-year revenues in 2025 mask what was a year of considerable progress for our Trustee and Pensions Governance businesses. Over the past eight years, compound annual revenue growth remains a healthy 9.1%. In our core Pensions business, we were delighted to add incremental appointments that included names such as Combined Nuclear Pension Plan, Whitbread, TPT Superfund and the Fidelity Master Trust.

Ireland continued to grow with new clients coming on board. In addition, we won our first Corporate Sole Trustee ("CST") appointment which we also believe is the first such appointment in Ireland. Our Manchester team continues to be a leading presence for trusteeship and governance in the North of England. In addition, Jersey also continues to be a focus where we have taken on more appointments.

Chief Executive Officer's Review continued

The Pension Governance business continues to see demand across a number of different services areas, including support to stretched in-house teams (including those that face retention challenges on the road to buy-out,) project management support, data/GMP projects, provider review and selection, General Code support, and trustee effectiveness reviews.

We added new capabilities to our CST clients, embedding the General Code as standard, and will continue to demonstrate the streamlining CST can bring to the governance for all sizes of scheme.

In the last twelve months, we have helped deliver over seven material buy-in transactions for our clients, including ArvinMeritor and Ultra Electronics.

Pensions – *Outlook*

We have added capacity to our team in anticipation that 2026 will be a busy year. The implications of the measures included in the Pensions Bill will need careful consideration alongside renewed engagement by many sponsors on future pensions strategy. March 2026 will also be crucial for preparing schemes' first Own Risk Assessments and evaluating how Pensions Dashboard Programme connections have affected them.

As trustee boards and corporate sponsors continue to evaluate a range of long-term options for their schemes, we remain strongly positioned to provide both strategic insight and operational governance support. The pace of change in funding levels and regulation is accelerating, reinforcing the need for experienced, independent trusteeship and governance solutions.

Our expanding service model, spanning co-trustee roles, Corporate Sole Trustee solutions, and governance frameworks, ensures we can meet these evolving requirements with resilience and deep domain expertise. We expect sustained growth in demand for professional trustee and governance services as schemes navigate complex decisions around buyouts, run-on strategies, and surplus management.

Corporate Services

Corporate Services consists of four well diversified constituents. Structured Finance Services, our whistleblowing division Safecall, Service of Process, and our Corporate Secretarial Services business ("CSS"). In 2025 revenues were up by a very healthy 12.2% and all parts of the business grew revenues year-on-year. In particular, it was encouraging to see solid and well-diversified growth across our CSS suite of products and solutions.

Service of Process ('SoP')

SoP – *Market dynamics*

This remains our business with the least recurring revenues. It has the greatest dependency on global macro-economic factors and deal flow in capital markets. Following a challenging first half of the year Investment Banking revenues finished up a healthy 15% globally year-on-year in 2025 (source : Dealogic). We participated well against this improving backdrop as the year progressed.

Changing the investment strategy to improve member benefits and better utilise surplus.

Background

We worked with a large UK hybrid (DB and DC) scheme which had a surplus on a prudent valuation basis.

The scheme rules state that the surplus is returned to the sponsor on windup. The Trustee has agreed to be buyout ready by a certain date and the sponsor is budgeting for return of the projected surplus, with the appropriate level of uncertainty/downside around this projection.

The investment strategy is heavily de-risked and 100% hedged on interest rates and inflation.

Trustee proposition

The Trustee was concerned that the portfolio return was too low and the investment strategy was not working the scheme capital hard enough.

The Trustee proposed to increase expected return by 0.5% p.a. through diversified allocation to lower rated and less liquid credit (which the timeframe to buyout readiness allows). This approach aimed to not materially increase the downside uncertainty around projected surplus, with the anticipated additional return seeking to improve speed of recovery from adverse market events.

This change in strategy allows the trustees to fund annual DC contributions for the sponsor in return for (the required) agreement from the sponsor for ongoing discretionary pension increases.

Benefits

Members receive discretionary increases on an ongoing basis.

The sponsor sees immediate increase in free cashflow while long term projections remain in place.

SoP – *Highlights*

The heavy transaction volume in this business provides us with a rich data set as to where/why we are/are not winning business. Consequently, we are able to be increasingly systematic with our business development efforts.

Our global brand is hard won over many decades and needs to be constantly refreshed. We place a lot of emphasis on continually expanding our networks within all levels of law firms, but, in addition, are conscious of the need to be more visible directly to corporates.

Chief Executive Officer's Review continued

Investment in technology to improve our client experience remains a priority along with investment in training and business development.

Earnings in SoP will always be variable and the changes in annual earnings from the first half of this decade illustrate this well. We have extremely limited ability to forecast revenues, but our history and excellent referral partner and client networks give us confidence that this business will remain a material contributor to our profits over financial market and economic cycles.

Corporate Secretarial Services ('CSS')

CSS – *Market dynamics*

The global company secretarial services market continues to grow steadily underpinned by increasing regulatory complexity, the rise of corporate governance standards, and an increased use of outsourcing by clients to solve for these constantly evolving needs.

We have been offering solutions in this sector for over twenty years and operate in three main product areas:

Managed Services: Global Entity Management services ("GEMS") provide a single outsourced point of contact to multinational corporations to ensure that their legal entities are kept in good standing. Client appointments vary in scale and coverage, ranging from a single legal entity in one country at its simplest to over 300 subsidiaries in 50 countries at its most complex. We are generally paid a fixed annual fee to deliver annual compliance and corporate records maintenance. We may also earn incremental revenues from additional projects such as incorporations and dissolutions, the co-ordination of global corporate change projects and performing entity validation work. Excellent workflow management and use of technology is critical to compete effectively in this space and we continue to invest heavily here. Our team is based in our Manchester office.

Corporate Governance Services: This work stream covers all aspects of Board and Committee support, from full outsourced company secretarial support to attending and minuting meetings. We also provide practical company secretarial support to companies preparing for an IPO transaction including support post listing. Our clients range from major Main Market and AIM listed companies including investment trusts to leading UK operating subsidiaries of top global brands. Our fees are often fixed annual fees for specifically scoped mandates but can also be time or project based. Demand here is often for highly skilled professionals with prior experience in a particular industry and/or governance framework who can seamlessly transition work from being completed in-house. This team is based in London.

Interim Resourcing: Here we provide immediate access to qualified governance professionals whether on-site or remote, full time or part time as required by the client. Typically, we are paid on a time-spent basis, but also complete certain work on a fixed fee. This team is based in London.

Case Study: Vitality

"Following an unexpected staffing shortage in our company secretarial department, we engaged interim support services for our regulated insurance business with the UK CSS team at LawDeb. The arrangement provided two experienced professionals working three days per week over a six-month period. Their strong financial services background meant they seamlessly stepped into our actuarial committee work and took on the group company secretarial responsibilities at short notice.

What particularly impressed me was how quickly they got up to speed with our processes and embedded themselves within our team. They demonstrated complete commitment and professionalism from the outset, providing the high-quality support we needed during a critical period. Their ability to immediately grasp the technical requirements of our insurance operations and deliver to our standards made this interim arrangement remarkably smooth and effective. During those six months we also benefitted from their broader team's experience and had the opportunity to discuss approaches to the new ECCTA regulations as well as how AI can support our business."

Justin Skinner, Group CFO, Vitality

CSS – *Highlights*

At the half year we noted that revenues were slightly up, and that we were increasingly confident that our record sales pipelines would begin to feed through as the year progressed. We are delighted to report this proved to be the case and the positive momentum in terms of client experience, improvement in our technology platform, and sales pipelines, continues to steadily build. Revenues in this business grew faster than the average for IPS and profits by even more as we continue to improve the efficiency of our workflows.

Our ability to move fast and build technology solutions to respond to emerging client need was illustrated well during the year as we became an Approved Corporate Service Provider to Companies House in relation to the provision of Independent Director Verification services required under the UK's Economic Crime and Corporate Transparency Act. We are increasingly working with clients in using improving AI tools to enhance the efficiency of creating minutes. Better use of technology frees up our professionals for more strategic and advisory roles. For example, we now regularly provide Directors' Duties training for our UK listed client base.

Our new leadership team established in 2024 has bedded in well.

We are increasingly confident that the significant investments that we have made in people, skills, technologies and operational workflows will underpin sustainable and controlled growth in this business over time.

Chief Executive Officer's Review continued

Structured Finance Services

Structured Finance Services – *Market dynamics*

We operate in two main product areas:

Management of Special Purpose Vehicles ('SPV's') and other similar corporate structures: We provide directors, accounting and day-to-day corporate administrative services to entities set up to help financial institutions, including challenger banks and boutique asset managers (Private Equity and Hedge Funds), diversify their funding using securitisation techniques. The SPV's are established to raise funds in the bond / loan markets which are then used to acquire distinct pools of assets (including mortgages, receivables, credit card debt, aircraft, whole businesses etc.) against which the funds are secured. The funding is non-recourse meaning that the funds raised only have recourse to the pool of assets on which they are secured and to no other party.

Accounting services: We provide management and statutory accounting services to corporate entities who wish to outsource this area or where they do not have local accounting knowledge. We do not provide audit services to clients.

As we flagged in last year's annual report oversight for Facility and Paying Agency services was transferred to our Corporate Trust business at the start of 2025. Increasingly, we find that clients are seeking Security Trustee and Loan Agency roles as a combined solution, so we have aligned our resources accordingly.

We remain a small player in a large and growing market. We score very highly for quality-of-service delivery and continue to build on these solid foundations.

Structured Finance Services – *Highlights*

Following a broadly flat year in 2024, new issuance levels grew modestly during 2025 and both our revenues and profits grew year-on-year.

We were particularly proud to be appointed to support The Climate Investment Funds Capital Markets Mechanism. This is a G7 – backed, World Bank facilitated vehicle that focuses on low carbon initiatives in Developing Countries.

We were delighted to support the first ever European Home Equity Line of Credit ("HELOC") backed Residential Mortgage Backed Security ("RMBS") issued by Waterfall Asset Management.

In addition to the innovative structures above, we again received repeat appointments from a number of leading non-bank specialist lenders operating in the sector including Pepper and Lendinvest.

Private Credit continues to build momentum as an asset class. The number of non-bank, specialist lenders (e.g., in auto loans, consumer receivables, and mortgages) continues to rise, bringing new and lesser-seen collateral types to the public markets. Credit spreads ended the year near multi-year lows and, with a general expectation of decreasing interest rates, market participants expect conditions to remain positive in 2026.

With an increased emphasis on business development, we will compete aggressively to grow our market share in this growing market.

Case Study: CIF Capital Markets Mechanism (CCMM)

In a pioneering initiative by the Climate Investment Funds (CIF) to mobilise billions of dollars in new investment capital, we were recommended by an international law firm to the World Bank to support the establishment of CIF Capital Markets Mechanism Plc (CCMM) and to provide its directors and corporate services. CCMM represents a world first approach to climate finance: a structure designed to raise funds directly from international capital markets to accelerate clean energy transformation and sustainable infrastructure development in emerging economies.

Our role involved close collaboration with the World Bank and other stakeholders throughout the establishment of the structure. This included supporting the development of the governance structure, setting up the corporate entity, and ensuring that CCMM was positioned to operate with the highest standards of accountability, transparency and regulatory compliance. As directors and service providers, we help ensure that the structure can perform effectively.

By unlocking new channels of finance, CCMM provides essential funding for early stage and high impact interventions—particularly in markets where access to affordable capital is limited. These investments support renewable energy deployment, resilient infrastructure, and the broader low carbon transition in regions most vulnerable to climate change.

Whistleblowing: Safecall

Safecall – *Market dynamics*

Whistleblowing is now firmly part of the governance lexicon.

Law makers continue to push this agenda. In the UK, new protections for workers reporting sanctions-related misconduct came into effect in June 2025. In December, the UK government's Anti-Corruption Strategy 2025 paper was released. This recognises the vital role of corporate whistleblowers and signalled a potential review of the existing legal framework by 2027. In the United States, the Department of Justice (DOJ) launched a new Whistleblower Rewards Pilot Program in May 2025, which is expected to increase the flow of information to regulators and put pressure on companies to improve internal reporting systems.

Investors too are increasingly demanding of appropriate whistleblowing frameworks being in place. This is increasingly the case in developing markets and we see great potential to help our clients attract capital in this regard.

As with all of our IPS businesses, what differentiates our offering is the quality of our people. We are not a box ticker's product. All enquiries are dealt with by our highly trained staff that continues to consist largely of former police officers. The quality of the work that

Chief Executive Officer's Review continued

we do for our clients is highlighted in client surveys and perhaps more encouragingly in regular unsolicited positive client feedback. To the best of our knowledge, all of our competitors in the sector run business models based off low-cost call centres. We remain fully committed to being a premium provider of high-quality product.

Safecall – *Highlights*

Yet again we provided a record number of reports to our clients in 2025, up 52% on 2024. Revenues increased 24% year-on-year following 25% growth in 2024.

Following rapid growth over the previous five or so years, digital channels (as opposed to voice) continued to account for over 70% of issues raised. That said, the growth in the percentage of digital reports relative to voice has started to slow somewhat. Increasingly, we are finding that in complex and highly nuanced cases, the voice channel is the preferred choice of the whistleblower. The voice reporting channel has always been a differentiating competency of Safecall. We continue to invest in it with a new upgraded telephone system installed during the year to support this critical client need.

We also delivered increased client functionality via our portal in 2025 and client feedback is encouraging. We are increasingly successful in our efforts to effectively compete for larger mandates as they come up for renewal.

Our training and investigations offerings remain a work in progress and we have increased ambitions here.

It is an exciting time to be a provider of solutions in this fast-growing sector.

Client Testimonial: Skion Water

"What sets Safecall apart is the quality and professionalism of their call handlers. Operating across Europe, North and South America, and Asia, we needed a reporting service that could handle sensitive issues with empathy, clarity, and consistency at a global scale and a platform that allows us to manage the whistleblowing process end to end. Safecall's team and their platform deliver exactly that"

Central Functions

The larger and more consistent the earnings growth within IPS, the more optionality it creates for the managers of the Investment Portfolio to deliver on our objective of long-term capital gains and steadily increasing income. As we have noted in past annual reports, we are making a significant investment in modernising our operating model and central support functions to support this growth.

We continue to plan for growth of mid to high single digits, and expect this to be largely organic. We remain open to opportunities presented by acquisitions where we believe this could add value to our clients and shareholders.

Client Testimonial: Premier Inn

"Safecall has helped us create a safer, more transparent workplace. With teams operating in multiple countries, we needed a solution that was accessible, multilingual, and easy to use - regardless of location. The hotline and online reporting tools have made it simple for employees or other stakeholders to speakup, and the case management system ensures we can respond quickly and consistently. The analytics dashboard has been particularly valuable, allowing us to track trends and proactively address emerging issues before they escalate."

Over recent years we have made significant investments in our operational infrastructure, taking a group of businesses which were long underinvested in and positioning them for growth in a coordinated and more streamlined way. The change has been profound, whilst we have fiercely protected our essence: independence, trust, and technical excellence. Day-to-day operations are almost unrecognisable. This journey continues. We have moved away from thinking about our business transformation as a rigid series of sequential start-and-end-date projects. Instead, we are building a business which thrives in continual evolution, where agile adaptation is the new normal.

Having stabilised our operating infrastructure, we are now deliberately shifting our focus to our people. In a professional services business, our most valuable assets do not appear on the balance sheet. Unlike manufacturing or capital-intensive businesses, our real value lies in the expertise, relationships and capabilities of our colleagues. This is where we must invest most heavily to build long-term value for our shareholders. Growing great people is slow work, measured in years and decades rather than weeks and months. It must be steady and sustainable, and when done well becomes a scalable competitive advantage.

In 2025, we accelerated our people journey. Our new senior hires – Isla Pickering (CFO), Spencer Knightsbridge (CTO) and Alex Ringer (Head of Legal, Risk and Compliance) completed their first full year in post, using that time to understand their teams and identify capability requirements. They have developed clear visions and operating models for their respective areas within the broader business and are now building the right teams around them. We have deliberately recruited leaders with professional services experience who understand what it means to coach and mentor their people and deliver peace of mind for clients.

Alongside this, we began the second phase of transforming our HR capabilities. We have built upon the strong foundational HR we established over the last few years and moved towards a People team focused on development, enablement, and high-performing teams. We have implemented a new competency framework, aligned our career pathways with reward and incentive systems, and have begun shifting our performance conversations from input to impact and accountability. We held our fourth annual Culture Week, reinforcing our values of

Chief Executive Officer's Review continued

"believing it's possible, making change happen, being better together and never stopping learning". Our COO, Trish Houston, participated in the London Business School Senior Executive Programme, deepening our strategic leadership capabilities, while reinforcing our commitment to continuous learning at every level of the organisation.

This investment in our people is critical. We operate in a world of accelerating change where client needs are evolving faster than we have ever known. Our business is built on independence and trust, and our clients need us to be more than advisers. They need us to be trusted partners who are woven into the fabric of their long-term strategy. We must embrace the changes occurring around us and understand the governance implications of technological advances, cultural shifts and regulatory change. Whether it is supporting boards thinking about AI governance or navigating complex restructuring, our people must be curious, market-aware, relentless about quality and equipped with a professional services mindset.

In 2025, we laid the foundations of our Governance Academy and began to shift our approach to talent development – complementing hiring in experienced people with an increasing amount of home-grown talent. With increased People team capacity and skills we are ready to quicken the pace of this journey. In the year ahead, we will launch structured programmes focused on capability building – both for our colleagues and, increasingly, for our clients. This dual focus on developing our own people whilst supporting our clients in building their capabilities positions us well for the competitive landscape ahead.

Information Technology

Our technology strategy focuses on delivering robust, scalable solutions that enable our businesses to serve clients effectively whilst maintaining operational excellence and meeting regulatory standards. Under Spencer Knightsbridge's leadership as Chief Technology Officer, who joined in September 2024, we have made significant progress in strengthening our foundations and advancing strategic capabilities.

Cyber security remains our top operational priority. We continue to invest in enhanced tooling, expanded capabilities, additional resources, and comprehensive staff training across the organisation to maintain our robust security posture. The cyber threat landscape continues to evolve rapidly, with increasingly sophisticated attacks targeting organisations of all sizes. We recognise that whilst we cannot eliminate all risk, we must maintain vigilant defences and effective response capabilities through continued investment in our security infrastructure and practices.

Our artificial intelligence adoption has progressed from initial training and exploration to practical implementation. We have deployed AI in specific use cases across the organisation, carefully evaluating effectiveness whilst maintaining appropriate governance frameworks and security standards. This measured approach ensures we begin to harness the benefits of AI innovation whilst managing associated risks responsibly.

Safecall has made significant progress in expanding its enterprise client capabilities. Working in partnership with key clients, we have developed new portal functionality that will be rolled out to our broader client base. This enterprise-focused development approach continues to strengthen our market position and builds on the portal enhancements delivered in previous years.

In CSS, our Identity Document Verification solution for ECCTA went live during the year and continues to evolve with enhanced capabilities. This positions us well to address growing regulatory requirements and client demand for robust digital identity verification across our client base.

We continue to invest in our technology delivery capability, strengthening our engineering functions to support increasingly sophisticated solution delivery, supporting the business's growth objectives whilst maintaining the operational excellence.

Prospects

Law Debenture enters 2026 with good momentum and our differentiated structure continues to provide resilience in what is expected to remain an uncertain external environment.

IPS is expected to deliver continued medium-term growth and maintain its strategic importance within the Group, in line with our mid to high single digit growth target. We continue to invest in key IPS growth areas, which involves transforming and future-proofing our operating model through technology and modernising of services to deliver even better outcomes for our clients. This is intended to support sustained organic growth and help us gain further market share.

From an equity market perspective, UK stocks remain attractively valued relative to history and international peers. The recent recovery in UK equity performance has been concentrated in a relatively narrow selection of stocks and UK equity valuations remain broadly in line with long term averages. Sentiment continues to be influenced by political and economic uncertainty, but our investment managers believe that there is a wealth of UK companies which continue to offer a compelling opportunity for both earnings growth and valuation re-rating. There are many focused and well-managed businesses, operating within a broadly stable backdrop, which are on track to deliver growth and contribute to a revaluation of the UK market, with corresponding capital appreciation for shareholders.

Law Debenture's strategy is built to perform through a range of market conditions. We are confident that the Group remains well positioned to continue delivering our objectives to achieve long-term capital growth in real terms and steadily increasing income.

On behalf of the Board, I would like to thank my colleagues across the Group for their continued commitment and professionalism, and our shareholders for their ongoing support.

Denis Jackson
Chief Executive Officer
10 March 2026

IPS 5 Year Performance at a Glance

IPS net revenue and underlying PBIT – 5 year performance

Department	2020 £000	2021 £000	2022 £000	2023 £000	2024 £000	**2025 £000**	**5yr Revenue Variance £000**	**5yr Revenue Variance %**
Pensions	11,479	13,060	14,343	17,396	16,694	**16,615**	**5,136**	**44.7%**
Corporate trust	10,960	10,025[3]	11,077[3]	13,027[3]	14,555[3]	**15,912**	**4,952**	**45.2%**
Corporate services	12,055	18,501[1, 3]	19,749[3]	20,086[3]	22,412[3]	**25,152**	**13,097**	**108.6%**
IPS net revenue	34,494	41,586	45,169	50,509	53,661	**57,679[2]**	**23,185**	**67.2%**
% Net Revenue growth	8.5%	20.6%	8.6%	11.8%	6.2%	**7.5%**		
Statutory PBT (see Note 6)	12,227	13,340	14,421	15,936	15,284	**17,704**	**5,477**	**44.8%**
Underlying PBIT	12,198	13,440[4]	14,459[4]	14,772[4]	15,700[4]	**16,659**	**4,460**	**36.6%**
% Underlying PBIT growth	8.4%	10.2%	7.6%	2.2%	6.3%	**6.1%**		

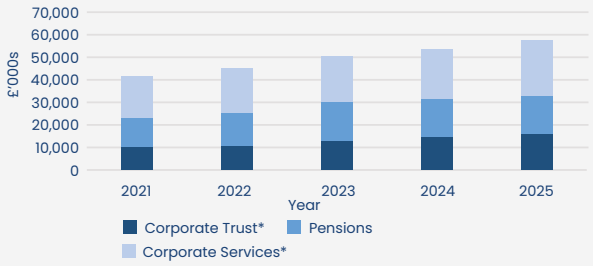
1 Includes revenue from the acquisition of the Company Secretarial Services business from Eversheds Sutherland (International) LLP.

2 This figure is included in the income statement by subtracting cost of sales of £9.0m from gross revenue of £66.7m.

3 2021-4 comparative reflect transfer of loan agency revenue from Corporate Services to Corporate Trust for comparability with 2025.

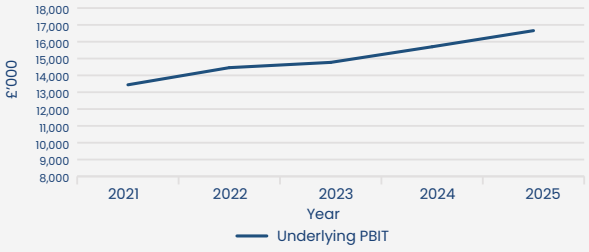
4 PBIT is stated on an underlying basis. Please refer to alternative performance measures on page 169 for reconciliation of statutory PBIT to underlying PBIT. Additionally, in 2025 net interest on the defined benefit pension asset/liability has been included within net interest below PBIT. In all prior years interest on the pension asset/liability was presented within admin expenses. To aid comparability of underlying PBIT across years, the net interest income/expense on the pension asset/liability in prior years has also been represented within interest income/expense in the APMs (refer page 169), with prior years underlying PBIT represented on this basis. This impacts APMs only. As the net pension interest is not material at the group level, no adjustment has been made in the primary financial statements.

5 YEAR IPS NET REVENUE



Source: Law Debenture as at 31 December 2025.

5 YEAR UNDERLYING PROFIT BEFORE INTEREST AND TAX



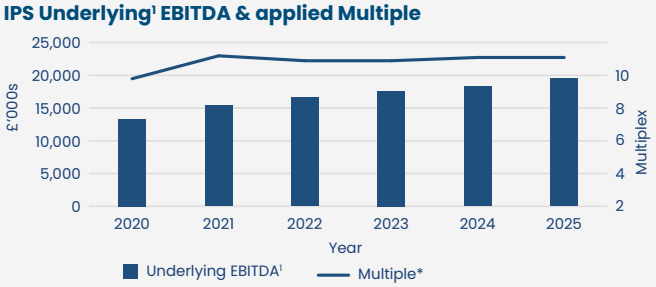
Source: Law Debenture as at 31 December 2025.

IPS valuation

	2020 £000	2021 £000	2022 £000	2023 £000	2024 £000	**2025 £000**	**5yr growth %**
Underlying EBITDA[1]	13,335	15,469	16,688	17,325	18,257	**19,493**	**46.2%**
Earnings multiple[1]	9.4	10.7	10.4	10.7	10.7	**10.7**	**13.9%**
IPS fair value (excl. net assets)	125,349	165,985	174,174	185,063	194,505	**208,665**	**66.5%**
NAV adjustment: total value less net assets already included	112,407	135,885	148,376	160,836	187,395	**202,524**	**80.2%**

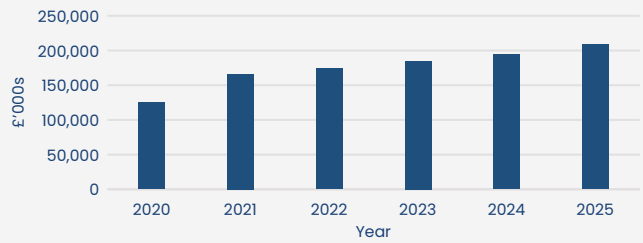
1 Underlying EBITDA is restated for 2021-2024 to reflect impact of pension credit interest. Refer APMs on page 170 for further details.

IPS Underlying[1] EBITDA & applied Multiple



Source: Law Debenture as at 31 December 2025.

IPS fair value (excl. net assets)



Source: Law Debenture as at 31 December 2025.

1 Refer to alternative performance measures on page 169 for reconciliation from statutory EBITDA to underlying EBITDA.

Investment Managers' Review

Investment Strategy

The investment approach has not changed for many years, but it has hopefully been improved with lessons learnt. There is a relatively long list of stocks which allows for a blend of large, medium and small companies. There are overseas holdings where a similar company cannot be found in the UK market or the overseas company is cheaper. Nearly 90% of the portfolio is in UK quoted companies at present, as this is where we are finding superior value despite concerns about the UK economy. The belief behind portfolio construction is that genuine diversity in the holdings is how capital is preserved in the long term.

We employ different approaches to how we look at potential investments. Around 50% of the portfolio is in FTSE 100 companies. These are, we believe, sound long-term investments and they are often well-known companies that feature in other portfolios with similar objectives. However, it is what you do differently to others that makes you perform differently. Law Debenture's unique structure of cash-generative operating companies (IPS) and an investment portfolio gives the opportunity to have a wider range of investments and still produce an attractive level of earnings. Therefore, unusually for an income growth trust, there are investments that do not pay a dividend. Early-stage small companies and operationally challenged large companies feature. The small companies that succeed will give substantial returns. Large companies with a recovery plan and determination to implement it should, in time, return to paying dividends at a considerably higher share price. The different strategies employed to look at companies result in real diversification of underlying operating activities. It does mean there are usually around 150 holdings and we do not go over 175. The absolute stock specific risk is relatively low compared to the index, and we believe the diverse blend of companies held will contribute, over time, to the better performance of your Company.

Economic and market backdrop

The UK economy experienced slow but positive growth during the year, with the second half virtually flat. This is not a bad background for equity investment as it has allowed interest rates to fall as inflation pressures subsided. It does make stock picking more demanding as the dull economy does not bail out companies that are failing to compete satisfactorily. Falling interest rates over time can help the economy as corporates become more confident about the operating environment and therefore push forward with their expansion plans. Lower rates can mean that consumers who are presently saving into deposit accounts search for higher returns. It is a notable feature of the UK economy that savings into deposit accounts are running at much

Investment Managers' Review continued

Group NAV total return	1 year %	3 years %	5 years %	10 years %
NAV total return (with IPS at fair value and debt at par)[1]	**29.2%**	**58.6%**	**78.8%**	**184.5%**
NAV total return (with debt and IPS at fair value)[1]	**28.4%**	**59.1%**	**96.6%**	**200.8%**
FTSE Actuaries All-Share Index total return[2]	**24.0%**	**46.5%**	**73.9%**	**123.4%**

1 NAV is calculated in accordance with AIC methodology, based on performance data held by Law Debenture including fair value of IPS business. NAV total return with debt at par excludes the fair value of borrowings, whereas NAV total return with debt at fair value includes the fair value adjustment (see page 168).
2 Source: LSEG, London Stock Exchange Group, all references to 'FTSE All-Share' and 'benchmark' in this review refer to the FTSE Actuaries All-Share Index total return.

higher levels than they did pre-Covid. This changing consumer behaviour has been a dampener on economic activity in recent years. The savings ratio can fall with further interest rate cuts and as consumer confidence rebuilds. This can help the earnings profiles of UK companies.

The slow economic growth has made for a reluctant bull market. There is no euphoria and investors are risk averse in their stock picking, preferring large companies over smaller ones and those with a stable earnings outlook over more cyclical companies. We have in recent years been building up the smaller company exposure as valuations are undemanding. The high level of corporate activity with agreed takeovers suggest that quoted smaller companies are offering substantial value.

One Year Performance Review and Attribution

For the second year in a row, three of the top five absolute contributors to performance were banks, as the sector continued to benefit from higher interest rates boosting returns, while loan losses remained subdued. We have taken modest profits in the sector, but it remains 13% of the portfolio, as we see the potential for ongoing attractive shareholder returns via dividends and share buybacks. Also among the best performers were aerospace and defence suppliers Rolls-Royce and Babcock. In both cases, we have taken substantial profits on valuation grounds. Babcock, for example, at calendar year end was trading on a low 20s current year P/E. This would compare to a low teens P/E a few years ago, on earnings per share that have also roughly doubled. While the outlook for defence spending has undoubtedly changed in recent years, we see this as now more priced into the shares at current levels.

The top five contributors to performance during the year (in absolute terms) were:

Top five gains over one year

Stock	£ Appreciation	% Appreciation
Barclays	**£24.1m**	**77.5**
Rolls-Royce	**£19.3m**	**80.7**
HSBC	**£16.8m**	**49.3**
Standard Chartered	**£12.4m**	**66.7**
Babcock	**£11.3m**	**117.6**

Source: Law Debenture.
Note: % appreciation figures are share price only, not total return.

Having been among the best performers in 2024, in 2025 **Flutter Entertainment** was the largest individual detractor. Flutter are among the market leaders in the fast growing (and large) US market, but the pace of legalisation has disappointed and there are concerns that the prediction market, while currently small in size, could eat into their addressable market over time. We took profits in the holding early in the 2025 calendar year (at a higher share price), but in the second half of the calendar year maintained the holding on the view that the US market provides the potential for material earnings growth over time.

Among the detractors, building materials suppliers **Ibstock** and **Marshalls** have been impacted by subdued UK housing building activity. In both cases we gradually added to the holdings during the year. Substantial fixed costs (for example kilns in the case of Ibstock), mean that any disappointment on volumes has a substantial impact on profitability. This can, however, work both ways and, on any pick-up in building activity, earnings could recover materially. **Morgan Advanced Materials** was similarly impacted by weak trading in some of its end markets, resulting in a low operating margin of approximately 10% in 2025, compared to a medium-term target of 12-14%. On a depressed earnings number, the shares currently trade on a lower than historical average valuation of approximately 12x 2025 earnings. As with Babcock, the best total returns can be made when earnings and valuations recover. If we can buy a company on a lower valuation than it historically trades at, on what we see as depressed earnings, this presents the opportunity for a compelling total return (although we will never be able to precisely forecast when end markets will turn). We do, however, need to admit where we think we have got things wrong and, in the case of advertising firm **WPP**, we sold the shares in April for £5.7, realising a substantial loss. The shares ended the year at £3.38, meaning the decision to sell limited realised losses. The reason for sale was that WPP's topline was declining faster than peers, leading us to conclude that there may be a structural reason why peers such as Publicis are taking market share at WPP's expense.

The bottom five contributors to performance during the year (in absolute terms) were:

Top five losses over one year

Stock	Depreciation	% Depreciation
Flutter Entertainment	**(£7.4m)**	**(18.9)**
Marshalls	**(£4.9m)**	**(39.2)**
Ibstock	**(£2.4m)**	**(24.1)**
Morgan Advanced Materials	**(£2.2m)**	**(19.0)**
WPP (no longer held)	**(£2.2m)**	**(31.0)**

Source: Law Debenture.
Note: % depreciation figures are share price only, not total return.

Investment Managers' Review continued

Medium Term Performance

One of the advantages of the Law Debenture structure, with the IPS business making a sizable contribution to the Trust's overall income, is that it allows us as portfolio managers to take a longer time horizon in investing. For example, we have the flexibility to hold low or zero dividend yield shares that we think have potential for substantial sales and earnings growth over the medium term. The uniqueness of the Trust structure allows us to hold these shares, and importantly remain patient with them over the following few years. We therefore think in time horizons longer than a year and, while the focus of an annual report tends to be on the past year, we also think it is important to take a step back and examine medium-term performance (in this case we have used three years).

Over the last three years, the Trust has generated a NAV total return of 59% (with debt at par), compared to a 47% return from the FTSE All-Share benchmark. If we examine what has driven that performance, what stands out is that five of the top ten contributors paid low or no dividends for at least some of the three-year period (Rolls-Royce, M&S, Kier, Babcock and Flutter). We would therefore have struggled to hold them in size in a traditional income fund structure, which was trying to meet or beat the benchmark dividend yield from the portfolio alone. These lower dividend yield holdings have generated substantial capital growth and, where we have taken profits along the way, this recycled capital can then generate future income growth for the portfolio. To give an example – the position in Rolls-Royce at the end of December 2022 was worth £8.8m. As at the end of December 2025, the holding was worth £18.7m - and along the way we have sold £62m worth of shares.

The top ten absolute contributors over the last three years were:

Top ten contributors over three years

Stock	Contribution to return (%)	Share price total return (%)
Rolls-Royce	**9.5**	**1150**
Barclays	**4.4**	**237**
HSBC	**4.0**	**184**
Marks & Spencer	**2.7**	**174**
Standard Chartered	**2.1**	**218**
NatWest	**2.0**	**194**
Kier	**1.9**	**304**
Babcock	**1.9**	**350**
Flutter Entertainment	**1.6**	**43**
Tesco	**1.6**	**121**

Source: Janus Henderson Investors, Bloomberg as at 31 December 2025.

Portfolio income

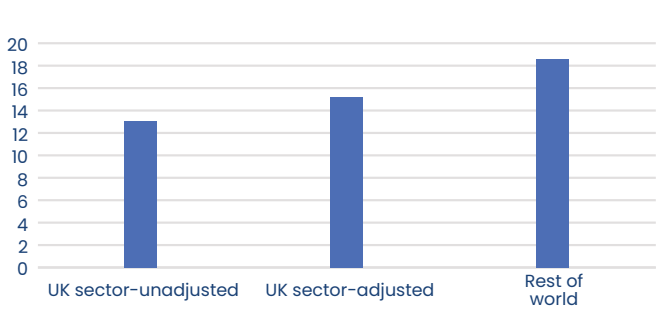
Investment income received grew from £34.7m in 2024, to **£40.3m** in 2025. This growth was partially driven by net investment during the year, on which we provide further detail in the portfolio activity section (below). Some of the specific sectors that were added to, such as commercial property and infrastructure, pay a dividend yield above that of the overall portfolio. We continue to have a total return focus for the portfolio as a whole rather than targeting a specific level of income generation.

Portfolio activity

During the year we were net investors of £53m. Despite this net investment, the rise in the net asset value of the Company meant that gearing was little changed on the year – it ended 2025 at 12%, compared to 11% as at the end of 2024.

The UK was the biggest source of investment, with net investment of £57m, as this was where we continued to see the most value. This net investment took the UK weight at year end to 89.9%, modestly higher than the 87.6% weight at the end of 2024 (which was already a historically high level). While UK equities performed well in 2025, they continue to trade at a substantial valuation discount to overseas equities. As the chart below shows, UK equities trade at an approximately 30% valuation discount on a non-sector adjusted basis, and a roughly 20% discount on a sector-adjusted basis (which largely reflects the lower weighting in the technology sector in the UK market).

UK FORWARD PRICE EARNINGS V REST OF WORLD



Source: Panmure Gordon as at 2nd January 2026.

The valuation discount seen in the chart below also impacts corporate activity, where we continue to see heightened interest for UK companies from both financial and strategic buyers. This year there were takeover offers for instrumentation equipment producer **Spectris**, industrial chain manufacturer **Renold**, building materials company **Epwin** and overseas consumer lender **International Personal Finance**. The minimum takeover premium among these shares was around 25%, with the maximum (Spectris) around 100%. With the exception of IPF (where the position remains in the portfolio), corporate activity was often the driver of sales activity during the year, with the positions in Spectris, Renold and Epwin all subsequently sold. For as long as the valuation discount on UK equities remains, we would expect further corporate activity in the year ahead.

Investment Managers' Review continued

The largest sale during the year was **Rolls-Royce**, which was reduced for valuation reasons. A valuation metric we often use in the industrial space is enterprise value (market capitalisation plus debt) compared to revenue. A few years ago you could buy Rolls-Royce for roughly 1x its turnover, as there were question marks around its ability to generate cash, its level of indebtedness and, during Covid, severe weakness in its aerospace end-markets. Today, Rolls-Royce trades on approximately 5x turnover. It is seen as better managed and its end-markets have improved, but its valuation in our view now largely reflects this.

The largest purchases of the year included several commercial property owners such as **British Land** and **Segro**. We also added to several of the existing holdings in the sector, such as **Workspace** and **Hammerson**. In our view, there is currently a disconnect in the sector between the operating conditions, which are generally strong with good levels of rental growth and (with a few exceptions), low vacancies, and the share prices, which are often trading at steep discounts to the latest book value. This disconnect is likely due to the uncertainty surrounding government bond yields, however if we see interest rates come down further in 2026 (which we expect), we would hope that the gap between fundamentals and share prices begins to narrow. Another area that was added to in 2025 was infrastructure trusts, with new holdings such as **Greencoat UK Wind** and **HICL**, with a similar logic to commercial property – shares were trading at substantial discounts while offering attractive dividend yields.

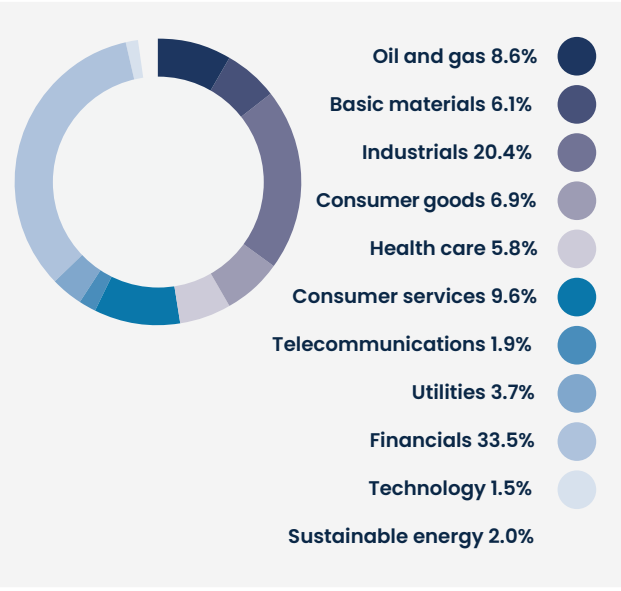
Outlook

After the rise of last year, aggregate valuations for companies are obviously not as low as they were. However, they are still below their long-term averages. Perhaps, more importantly, expectations for earnings growth remain undemanding. It is surpassing of expectations that drives valuations up. Therefore, modest valuations and the possibility of better-than-expected operating profits as a result of falling interest rates can counter the concerns about geopolitical problems. The underlying macro-economic problem of recent years has been inflation. Interest rate increases have been the preferred Central Bank tool to fight inflation. There is increasing evidence that inflation will fall as wage pressure subsides and that, in turn, will allow interest rates to fall. Low expectations, falling interest rates and modest valuations are a combination that can lead to strong share prices. Therefore, the intention is to remain a buyer of a diverse range of equities in coming months.

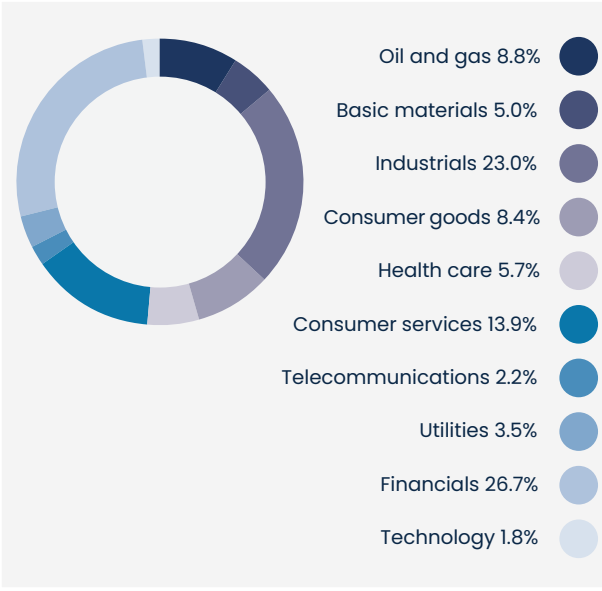
James Henderson and Laura Foll
Investment managers
10 March 2026

Portfolio by Sector and Value

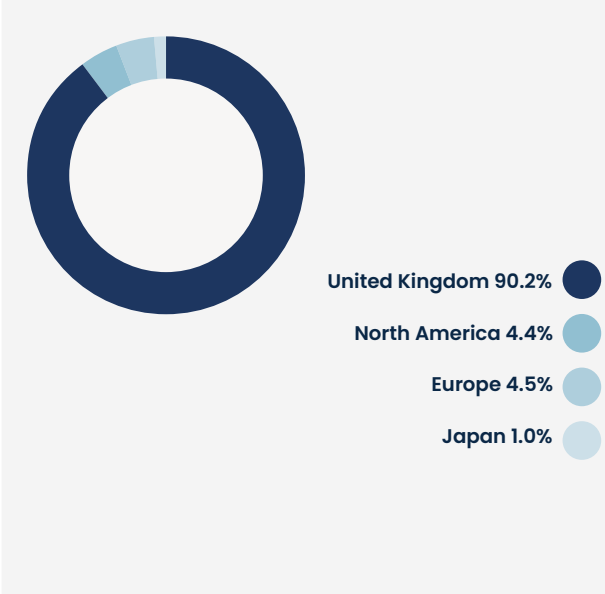
Portfolio by sector
2025



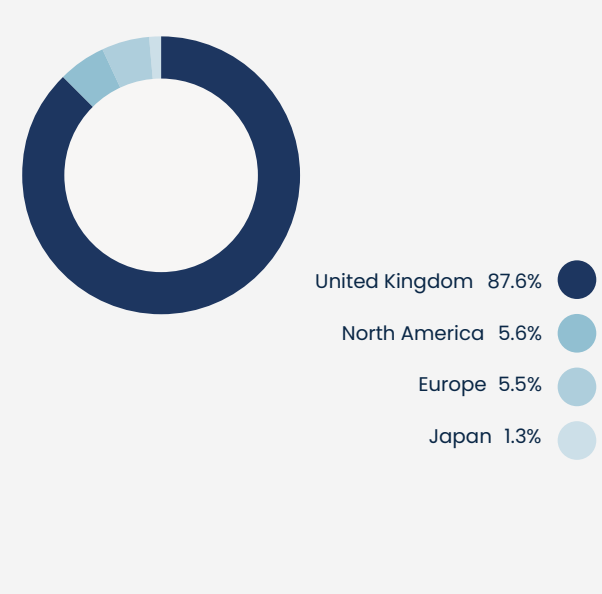
Portfolio by sector
2024



Geographical distribution of Portfolio by value
2025



Geographical distribution of Portfolio by value
2024



Fifteen Largest Holdings: Investment Rationale

as at 31 December 2025

Rank 2025	Company	Location	% of Portfolio	Approx Market Cap.	Valuation 2024 £000	Purchases £000	(Sales) £000	Appreciation/ (Depreciation) £000	**Valuation 2025 £000**
1.	**Barclays**	UK	4.07	£66.09bn	31,105	–	–	24,094	**55,199**
	Barclays is one of the largest lenders in the UK as well as owning a global investment bank. It trades at a lower valuation than many of its banking sector peers because of scepticism that the investment bank can generate good returns. On evidence of better execution, it has potential to re-rate further from its current valuation.								
2.	**HSBC**	UK	3.75	£200.19bn	34,055	–	–	16,805	**50,860**
	HSBC is a large global lender and financial services business. It provides geographic diversification to the portfolio while becoming more focused on geographies where they are among the market leaders.								
3.	**Shell**	UK	2.52	£156.19bn	30,950	–	–	3,294	**34,244**
	Shell is a vertically integrated oil & gas company with significant exposure to natural gas within its production mix. The business is highly cash generative at current commodity prices, allowing attractive cash returns to shareholders as well as funding significant capital expenditure.								
4.	**Rio Tinto**	UK	2.32	£68.01bn	17,711	6,922	–	6,830	**31,463**
	Rio Tinto is a diversified miner with significant exposure to iron ore, copper and aluminium. As a result of its low position on the cost curve, it is able to remain cash generative despite volatility in commodity prices and pays an attractive dividend yield.								
5.	**GlaxoSmithKline**	UK	2.2	£74.23bn	22,074	–	–	7,848	**29,922**
	GSK is a global pharmaceutical company that is among the market leaders in areas such as vaccines and HIV. The shares trade at a valuation discount to global pharmaceutical peers that in our view is unjustified.								
6.	**Standard Chartered**	UK	2.06	£41.33bn	18,642	–	(3,102)	12,425	**27,965**
	A global bank providing international banking and financial services, with a particular focus on emerging markets. The position provides geographic diversification for the portfolio as well as being positively exposed to higher global interest rates.								
7.	**BP**	UK	1.82	£65.7bn	22,398	–	–	2,269	**24,667**
	BP is a vertically integrated oil & gas company. Similar to Shell it is highly cash generative at current commodity prices, providing optionality for the company to fund significant capital expenditure, return cash to shareholders via an attractive dividend yield and pay down debt.								
8.	**Flutter Entertainment**	UK	1.66	£27.57bn	39,368	–	(9,336)	(7,450)	**22,582**
	Flutter is a global gambling provider and owner of brands such as Paddy Power and Betfair. It is successfully rolling out in the US as states gradually legalise gambling, providing a potential route to substantial earnings growth in the long term.								
9.	**Balfour Beatty**	UK	1.44	£3.53bn	12,572	–	–	7,027	**19,599**
	The Company provides civil and specialist engineering and management services. They work on a range of projects including roads, railways, schools, military housing and airports. The UK accounts for more than 50% of total revenues. They are the leading company in their field of activity with strong management disciplines which has seen them through in a volatile time.								
10.	**National Grid**	UK	1.42	£56.86bn	16,051	–	–	3,252	**19,303**
	National Grid is a regulated utility company with operations in both the UK and the US. The need to reduce global carbon emissions is likely to increase demands on electricity networks and this could lead to faster regulated asset growth in future, driven by the need to increase grid capacity. The position brings defensive qualities and continues to pay an attractive dividend yield.								

Fifteen Largest Holdings: Investment Rationale continued

as at 31 December 2025

Rank 2025	Company	Location	% of Portfolio	Approx Market Cap.	Valuation 2024 £000	Purchases £000	(Sales) £000	Appreciation/ (Depreciation) £000	**Valuation 2025 £000**
11.	**Rolls Royce**	UK	1.38	£89.69bn	23,881	–	(24,464)	19,262	**18,679**
Rolls-Royce is a designer and manufacturer of engines for use across a number of end markets, most materially civil aerospace. They have won significant market share on the next generation of wide-bodied planes, where flying hours have fully recovered (and now surpassed) pre Covid levels. Under the current CEO they are reducing costs and have laid out ambitious medium-term goals for cash generation.									
12.	**Lloyds Banking Group**	UK	1.37	£56.34bn	5,478	5,619	–	7,569	**18,666**
The Company provides retail banking, mortgages, pensions, asset management, insurance and treasury services. It is focused in the UK with branches and offices across the nation. The balance of different banking activities brings a greater consistency of earnings than usually associated with banking.									
13.	**NatWest**	UK	1.37	£52.27bn	13,068	–	(1,907)	7,415	**18,576**
The Bank, formerly known as the Royal Bank of Scotland, is the largest commercial bank in the UK. They offer a comprehensive range of banking products. The strong management disciplines place them well to grow and use their financial strength.									
14.	**Cummins**	USA	1.31	£44.3bn	13,089	–	–	4,713	**17,802**
The Company designs, manufactures, distributes and services diesel and natural gas engines as well as power generation systems used, for example, in data centres where demand is growing strongly. 55% of the Company's revenues come from the US with the rest spread around the globe. They are the global leader in their field of activity.									
15.	**Aviva**	UK	1.3	£20.44bn	12,058	–	–	5,549	**17,607**
The Company provides all classes of general and life assurances including fire, motor, marine, aviation and transport insurance. They also offer a variety of financial services including long-term savings and fund management. They recently bought Direct Line and will bring their strong underwriting disciplines and marketing to the expanded group.									

Classification of Investments

based on market values as at 31 December 2025

	UK %	North America %	Europe %	Rest of the world %	Total 2025 %	Total 2025 £000	Total 2024 %	Total 2024 £000
Oil & Gas								
Alternative Energy	**1.39**	**–**	**–**	**–**	**1.39**	**18,928**	1.01	10,594
Oil & gas producers	**4.8**	**0.84**	**–**	**–**	**5.64**	**76,620**	6.69	69,906
Oil equipment services & distribution	**1.52**	**–**	**–**	**–**	**1.52**	**20,616**	1.08	11,264
	7.71	**0.84**	**–**	**–**	**8.55**	**116,164**	8.78	91,764
Basic Materials								
Chemicals	**0.95**	**–**	**0.07**	**–**	**1.02**	**13,736**	1.18	12,307
Forestry & paper	**0.5**	**–**	**–**	**–**	**0.5**	**6,812**	–	–
Mining	**3.75**	**0.56**	**–**	**0.26**	**4.57**	**61,958**	3.79	39,503
	5.2	**0.56**	**0.07**	**0.26**	**6.09**	**82,506**	4.97	51,810
Industrials								
Aerospace & defence	**4.93**	**–**	**0.23**	**–**	**5.16**	**69,860**	5.84	60,988
Construction & materials	**5.76**	**–**	**–**	**–**	**5.76**	**78,109**	5.99	62,309
Electronic & electrical equipment	**1.09**	**–**	**1.02**	**–**	**2.11**	**28,665**	2.33	24,347
Industrial engineering	**2.94**	**1.31**	**–**	**–**	**4.25**	**57,656**	4.56	47,508
Industrial transportation	**0.06**	**–**	**–**	**–**	**0.06**	**800**	0.32	3,331
Support services	**2.78**	**–**	**0.15**	**–**	**2.93**	**39,812**	3.43	35,622
Waste & environmental services & equipment	**0.1**	**–**	**–**	**–**	**0.1**	**1,364**	0.19	1,996
	17.66	**1.31**	**1.4**	**–**	**20.37**	**276,266**	22.66	236,101
Consumer Goods								
Automobiles & parts	**0.1**	**0.84**	**–**	**0.97**	**1.91**	**25,890**	2.93	30,421
Beverages	**–**	**–**	**–**	**–**	**–**	**–**	0.14	1,422
Food & drug retailers	**1.2**	**–**	**–**	**–**	**1.2**	**16,358**	1.79	18,609
Food producers	**1.9**	**–**	**0.11**	**–**	**2.01**	**27,257**	1.36	14,203
Household goods & home construction	**1.74**	**–**	**–**	**–**	**1.74**	**23,684**	2.02	20,990
Leisure goods	**–**	**–**	**–**	**–**	**–**	**–**	0.14	1,486
	4.94	**0.84**	**0.11**	**0.97**	**6.86**	**93,189**	8.38	87,131
Health Care								
Health care equipment & services	**1.52**	**–**	**–**	**–**	**1.52**	**20,656**	1.1	11,444
Pharmaceuticals & biotechnology	**2.75**	**0.8**	**0.73**	**–**	**4.28**	**58,235**	4.55	47,351
	4.27	**0.8**	**0.73**	**–**	**5.8**	**78,891**	5.65	58,795
Consumer Services								
General retailers	**3.78**	**–**	**–**	**–**	**3.78**	**51,362**	4.48	46,747
Media	**1.2**	**–**	**–**	**–**	**1.2**	**16,453**	2.55	26,633
Travel & leisure	**3.61**	**–**	**1.01**	**–**	**4.62**	**62,760**	6.84	71,226
	8.59	**–**	**1.01**	**–**	**9.6**	**130,575**	13.87	144,606
Telecommunications								
Fixed line telecommunications	**1.08**	**–**	**–**	**–**	**1.08**	**14,724**	1.35	14,045
Mobile telecommunications	**0.8**	**–**	**–**	**–**	**0.8**	**10,877**	0.88	9,174
	1.88	**–**	**–**	**–**	**1.88**	**25,601**	2.23	23,219
Utilities								
Electricity	**1.4**	**–**	**–**	**–**	**1.4**	**19,040**	0.49	5,119
Gas, water & multiutilities	**2.31**	**–**	**–**	**–**	**2.31**	**31,435**	3.01	31,370
	3.71	**–**	**–**	**–**	**3.71**	**50,475**	3.5	36,489
Financials								
Banks	**12.62**	**–**	**–**	**–**	**12.62**	**171,266**	10.22	106,620
Equity investment instruments	**3**	**–**	**–**	**–**	**3**	**40,715**	3.19	33,187
Financial services	**5.68**	**–**	**0.17**	**–**	**5.85**	**79,318**	3.67	38,169
Life insurance/assurance	**4.05**	**–**	**–**	**–**	**4.05**	**54,999**	3.31	34,472
Nonlife insurance	**2.02**	**–**	**0.24**	**–**	**2.26**	**30,691**	2.47	25,628
Real estate investment trusts	**5.27**	**–**	**0.13**	**–**	**5.4**	**73,289**	3.67	38,269
Real estate investments & services	**0.41**	**–**	**–**	**–**	**0.41**	**5,565**	0.17	1,722
	33.05	**–**	**0.54**	**–**	**33.59**	**455,843**	26.7	278,067
Technology								
Advanced medical equipment & technology	**0.62**	**–**	**–**	**–**	**0.62**	**8,450**	0.76	7,943
Software & computer services	**–**	**–**	**0.44**	**–**	**0.44**	**5,966**	0.51	5,336
Technology hardware & equipment	**0.31**	**–**	**0.19**	**–**	**0.5**	**6,800**	0.51	5,333
	0.93	**–**	**0.63**	**–**	**1.56**	**21,216**	1.78	18,612
Other								
Sustainable energy	**1.99**	**–**	**–**	**–**	**1.99**	**26,919**	1.48	15,445
	1.99	**–**	**–**	**–**	**1.99**	**26,919**	1.48	15,445
TOTAL 2025	**89.93**	**4.35**	**4.49**	**1.23**	**100**	**1,357,645**	**100.00**	
TOTAL 2024	**87.57**	**5.64**	**5.52**	**1.27**	**–**	**–**	100.00	1,042,039

The above table excludes bank balances and short-term deposits.

Richard Knight
'Harmony in Growth'

Portfolio Valuation

based on market values as at 31 December 2025

Holding name	Country	Region	Sector	Industry	£000	% of Portfolio
Barclays	UK	UK	Financials	Banks	55,199	4.07
HSBC	UK	UK	Financials	Banks	50,860	3.75
Shell	UK	UK	Oil & Gas	Oil & gas producers	34,244	2.52
Rio Tinto	UK	UK	Basic Materials	Mining	31,463	2.32
GlaxoSmithKline	UK	UK	Health Care	Pharmaceuticals & biotechnology	29,922	2.2
Standard Chartered	UK	UK	Financials	Banks	27,965	2.06
BP	UK	UK	Oil & Gas	Oil & gas producers	24,667	1.82
Flutter Entertainment	UK	UK	Consumer Services	Travel & leisure	22,582	1.66
Balfour Beatty	UK	UK	Industrials	Construction & materials	19,599	1.44
National Grid	UK	UK	Utilities	Gas, water & multiutilities	19,303	1.42
Rolls Royce	UK	UK	Industrials	Aerospace & defence	18,679	1.38
Lloyds Banking Group	UK	UK	Financials	Banks	18,666	1.37
NatWest	UK	UK	Financials	Banks	18,576	1.37
Cummins	USA	North America	Industrials	Industrial engineering	17,802	1.31
Aviva	UK	UK	Financials	Life insurance/assurance	17,607	1.3
Senior	UK	UK	Industrials	Aerospace & defence	17,594	1.3
Prudential	UK	UK	Financials	Life insurance/assurance	17,557	1.29
J Sainsbury	UK	UK	Consumer Services	General retailers	17,388	1.28
Kingfisher	UK	UK	Consumer Goods	Household goods & home construction	17,342	1.28
M & G	UK	UK	Financials	Financial services	17,184	1.27
IMI	UK	UK	Industrials	Industrial engineering	17,105	1.26
Kier	UK	UK	Industrials	Construction & materials	16,927	1.25
Boku	UK	UK	Industrials	Support services	16,467	1.21
Tesco	UK	UK	Consumer Goods	Food & Drug Retailers	16,358	1.2
Marks & Spencer	UK	UK	Consumer Services	General retailers	15,816	1.16
Anglo American	UK	UK	Basic Materials	Mining	14,934	1.1
BT Group	UK	UK	Telecommunications	Fixed Line Telecommunications	14,724	1.08
Herald Investment Trust	UK	UK	Financials	Equity investment instruments	14,430	1.05
International Consolidated Airlines	UK	UK	Consumer Services	Travel & leisure	14,238	1.05
Hill & Smith	UK	UK	Industrials	Industrial engineering	14,211	1.04
Johnson Matthey	UK	UK	Other	Sustainable Energy	13,845	1.02
Irish Continental Group	Ireland	Europe	Consumer Services	Travel & leisure	13,712	1.01
Schroders	UK	UK	Financials	Financial services	13,635	1
Ceres Power	UK	UK	Oil & Gas	Oil equipment services & distribution	13,545	1
Land Securities	UK	UK	Financials	Real estate investment trusts	13,509	1
Shaftesbury Capital	UK	UK	Financials	Real estate investment trusts	13,394	0.99
Toyota Motor Corporation	Japan	Japan	Consumer Goods	Automobiles & parts	13,111	0.97
Hiscox	UK	UK	Financials	Nonlife insurance	12,872	0.95
BAE Systems	UK	UK	Industrials	Aerospace & defence	12,855	0.95
IP Group	UK	UK	Financials	Financial services	12,502	0.92
Babcock	UK	UK	Industrials	Aerospace & defence	12,444	0.92
Severn Trent	UK	UK	Utilities	Gas, water & multiutilities	12,132	0.89

Portfolio Valuation continued

based on market values as at 31 December 2025

Holding name	Country	Region	Sector	Industry	£000	% of Portfolio
British Land Company	UK	UK	Financials	Real estate investment trusts	12,078	0.89
International Personal Finance	UK	UK	Financials	Financial services	12,051	0.89
Cranswick	UK	UK	Consumer Goods	Food producers	11,829	0.87
Infineon Technologies	Germany	Europe	Industrials	Electronic & electrical equipment	11,673	0.86
General Motors	USA	North America	Consumer Goods	Automobiles & parts	11,468	0.84
Associated British Foods	UK	UK	Consumer Goods	Food producers	11,167	0.82
Ibstock	UK	UK	Industrials	Construction & materials	11,023	0.81
Morgan Advanced Materials	UK	UK	Industrials	Electronic & electrical equipment	10,900	0.8
Vodafone	UK	UK	Telecommunications	Mobile telecommunications	10,877	0.8
Reckitt Benckiser Group	UK	UK	Health Care	Health care equipment & services	10,504	0.77
Hammerson	UK	UK	Financials	Real estate investment trusts	10,491	0.77
Phoenix Group Holdings	UK	UK	Financials	Life insurance/assurance	10,311	0.76
Smith & Nephew	UK	UK	Health Care	Health care equipment & services	10,152	0.75
ITV	UK	UK	Consumer Services	Media	10,088	0.74
Greencoat UK Wind	UK	UK	Utilities	Electricity	9,800	0.72
Chesnara	UK	UK	Financials	Life insurance/assurance	9,524	0.7
Dunelm	UK	UK	Consumer Services	General retailers	9,362	0.69
Johnson Service Group	UK	UK	Industrials	Support services	9,219	0.68
VH Global Energy Infrastructure	UK	UK	Other	Sustainable Energy	9,184	0.68
AFC Energy	UK	UK	Oil & Gas	Alternative Energy	9,120	0.67
Segro	UK	UK	Financials	Real estate investment trusts	9,003	0.66
Marshalls	UK	UK	Industrials	Construction & materials	8,765	0.65
SSE	UK	UK	Utilities	Electricity	8,716	0.64
Workspace Group	UK	UK	Financials	Real estate investment trusts	8,657	0.64
Scottish Oriental Smaller Companies Trust	UK	UK	Financials	Equity investment instruments	8,656	0.64
Weir Group	UK	UK	Industrials	Industrial engineering	8,538	0.63
Oxford Nanopore Technologies	UK	UK	Technology	Advanced Medical Equipment & Technology	8,450	0.62
HICL Infrastructure	UK	UK	Financials	Equity investment instruments	8,134	0.6
SigmaRoc	UK	UK	Industrials	Construction & materials	8,126	0.6
Vanquis Banking Group	UK	UK	Financials	Financial services	7,916	0.58
Whitbread	UK	UK	Consumer Services	Travel & leisure	7,899	0.58
Standard Life Aberdeen	UK	UK	Financials	Financial services	7,703	0.57
Freeport-McMoran	USA	North America	Basic Materials	Mining	7,537	0.56
Haleon	UK	UK	Health Care	Pharmaceuticals & biotechnology	7,488	0.55
Elementis	UK	UK	Basic Materials	Chemicals	7,486	0.55
Sabre Insurance Group	UK	UK	Financials	Nonlife insurance	7,475	0.55
Beazley	UK	UK	Financials	Nonlife insurance	7,072	0.52
ITM Power	UK	UK	Oil & Gas	Oil equipment services & distribution	7,072	0.52
Mondi	UK	UK	Basic Materials	Forestry & paper	6,812	0.5
Accsys Technologies	UK	UK	Industrials	Construction & materials	6,617	0.49

Portfolio Valuation continued

based on market values as at 31 December 2025

Holding name	Country	Region	Sector	Industry	£000	% of Portfolio
Bristol-Myers Squibb	USA	North America	Health Care	Pharmaceuticals & biotechnology	6,606	0.49
Zigup	UK	UK	Industrials	Support services	6,386	0.47
Gibson Energy	Canada	North America	Oil & Gas	Oil & gas producers	6,334	0.47
Roche	Switzerland	Europe	Health Care	Pharmaceuticals & biotechnology	5,960	0.44
Inchcape	UK	UK	Industrials	Support services	5,764	0.42
Invinity Energy Systems	UK	UK	Oil & Gas	Alternative Energy	5,586	0.41
Great Portland Estates	UK	UK	Financials	Real estate investments & services	5,565	0.41
Easyjet	UK	UK	Industrials	Aerospace & defence	5,104	0.38
Oxford Sciences Innovation	UKULM	UK	Financials	Financial services	5,000	0.37
Rathbones Group	UK	UK	Financials	Equity investment instruments	4,820	0.36
Croda	UK	UK	Basic Materials	Chemicals	4,715	0.35
3I INFRASTRUCTURE	UK	UK	Financials	Equity investment instruments	4,675	0.34
Air Products and Chemicals	Canada	North America	Oil & Gas	Oil & gas producers	4,584	0.34
Halfords	UK	UK	Consumer Services	General retailers	4,578	0.34
Bellway	UK	UK	Consumer Goods	Household goods & home construction	4,528	0.33
Castings	UK	UK	Industrials	Construction & materials	4,431	0.33
Derwent London	UK	UK	Financials	Real estate investment trusts	4,345	0.32
Marstons	UK	UK	Consumer Services	Travel & leisure	4,329	0.32
Ondine Biomedical	Canada	North America	Health Care	Pharmaceuticals & biotechnology	4,254	0.31
Ilika	UK	UK	Oil & Gas	Alternative Energy	4,222	0.31
Vertu Motors	UK	UK	Consumer Services	General retailers	4,218	0.31
Sanofi	France	Europe	Health Care	Pharmaceuticals & biotechnology	4,005	0.29
TT Electronics	UK	UK	Industrials	Electronic & electrical equipment	3,912	0.29
Gelion	UK	UK	Other	Sustainable Energy	3,890	0.29
Valterra Platinum	UK	UK	Basic Materials	Mining	3,553	0.26
Serica Energy	UK	UK	Oil & Gas	Oil & gas producers	3,492	0.26
Jubilee Metals Group	UK	UK	Basic Materials	Mining	3,355	0.25
Siemens	Germany	Europe	Technology	Software & computer services	3,307	0.24
Munchener Rueckver	Germany	Europe	Financials	Nonlife insurance	3,272	0.24
Reach	UK	UK	Consumer Services	Media	3,185	0.23
Safran	France	Europe	Industrials	Aerospace & defence	3,184	0.23
Next Fifteen Communications Group	UK	UK	Consumer Services	Media	3,180	0.23
Tate & Lyle	UK	UK	Consumer Goods	Food producers	2,810	0.21
SAP	Germany	Europe	Technology	Software & computer services	2,659	0.2
Hercules Site Services	UK	UK	Industrials	Construction & materials	2,621	0.19
ASML	Netherlands	Europe	Technology	Technology hardware & equipment	2,591	0.19
XP Power	UK	UK	Technology	Technology hardware & equipment	2,456	0.18
Deutsche Boerse	Germany	Europe	Financials	Financial services	2,282	0.17
SGS	Switzerland	Europe	Industrials	Support services	1,976	0.15
Seascape Energy Asia	UK	UK	Oil & Gas	Oil & gas producers	1,950	0.14

Portfolio Valuation continued

based on market values as at 31 December 2025

Holding name	Country	Region	Sector	Industry	£000	% of Portfolio
Watkin Jones	UK	UK	Consumer Goods	Household goods & home construction	1,814	0.13
Grit Real Estate Income Group	Guernsey	Europe	Financials	Real estate investment trusts	1,812	0.13
Renishaw	UK	UK	Technology	Technology hardware & equipment	1,753	0.13
Nestle	Switzerland	Europe	Consumer Goods	Food producers	1,451	0.11
Windar Photonics	UK	UK	Industrials	Waste & Environ Svcs & Equip	1,364	0.1
Surface Transforms	UK	UK	Consumer Goods	Automobiles & parts	1,311	0.1
Kone	Finland	Europe	Industrials	Electronic & electrical equipment	1,184	0.09
First Tin	UK	UK	Basic Materials	Mining	1,116	0.08
Arbuthnot Banking Group	UK	UK	Financials	Financial services	1,045	0.08
ASM International	Netherlands	Europe	Industrials	Electronic & electrical equipment	996	0.07
DSM-Firmenich	Netherlands	Europe	Basic Materials	Chemicals	903	0.07
Logistics Development Group	UK	UK	Industrials	Industrial transportation	800	0.06
Kistos	UK	UK	Oil & Gas	Oil & gas producers	788	0.06
Carclo	UK	UK	Basic Materials	Chemicals	632	0.05
Ampeak Energy	UK	UK	Utilities	Electricity	524	0.04
Gran Tierra Energy	Canada	North America	Oil & Gas	Oil & gas producers	464	0.03
Indus Gas	UK	UK	Oil & Gas	Oil & gas producers	48	0.01
Deltic Energy	UK	UK	Oil & Gas	Oil & gas producers	48	0.01
Allied Minds (delisted)	UK	UK	Financials	Financial services	–	–
Better Cap (delisted)	UK	UK	Financials	Equity investment instruments	–	–
Interserve (delisted)	UK	UK	Industrials	Support services	–	–
Morses Club (delisted)	UK	UK	Financials	Financial services	–	–
Saietta Group (delisted)	UK	UK	Consumer Goods	Automobiles & parts	–	–
					1,357,645	100.00

In accordance with listing rule 11.7.8, The Law Debenture Corporation p.l.c. announces that it has no investments in other UK listed investment companies that require to be disclosed.

Changes in Geographical Distribution

Region	Valuation 31 December 2024 £000	Purchases £000	Costs of acquisition £000	Sales proceeds £000	Appreciation/ (Depreciation)* £000	**Valuation 31 December 2025* £000**	**Geographical split at 31 December 2025 %**
United Kingdom	912,514	172,304	(818)	(114,546)	255,064	1,224,518	**90.2%**
North America	58,771	1,800	–	–	(1,522)	59,049	**4.3%**
Europe	57,521	12,249	(13)	(18,020)	9,230	60,967	**4.5%**
Japan	13,233	–	–	–	(122)	13,111	**1.0%**
Other	–	–	–	–	–	–	**0.0%**
	1,042,039	186,353	(831)	(132,566)	262,650	1,357,645	**100.0%**

** Please refer to note 2 - net capital gain/(loss) on investments on page 138 and note 13 - investments on page 146.*

Company Overview

Who we are

From its origins in 1889, Law Debenture has diversified to become a Group which provides our shareholders, clients and people with a unique combination of a Portfolio and an Independent Professional Services ('IPS') business.

Our purpose and objective

Our purpose is to deliver peace of mind for our shareholders, clients and people. This is central to our strategy, both at the Portfolio and IPS levels, and underpins the way we think and behave every day.

Our objective as an investment trust is to achieve long-term capital growth in real terms and steadily increasing income. The aim is to achieve a higher rate of total return than the FTSE Actuaries All-Share Index through investing in a diversified portfolio of stocks and ownership of the IPS business.

To our IPS clients we are trusted, independent experts who have 136 years of experience to call on in delivering vital aspects of their business cycle.

Our purpose and objective are underpinned by our corporate values of:

- We believe it's possible.
- We make change happen.
- We are better together.
- We never stop learning.

Our culture

Our purpose and values are central to our objective. They are reinforced by our culture as a business, which is one of excellence, independence and trust.

The Board endorses our purpose and values and is responsible for ensuring that our culture is aligned with our strategy by assessing, monitoring and challenging the same where appropriate. The Board discharges this duty by reviewing the relevant policies, practices and behaviours throughout the business including its own conduct as a Board and of its individual directors and by ensuring our stated purpose, values and objectives are reflected in its discussions and decision-making.

Some of the ways in which the Board monitors the Group's culture, with the assistance of its Committees, senior managers and external advisers, are by reviewing:

- reports on the results of our quarterly eNPS surveys;
- reports on stakeholder engagement as described on page 48 and our Section 172(1) Statement on pages 48 to 51;
- reports on risk management, internal controls, internal audits, compliance, anti-bribery and whistleblowing arrangements;
- cyclical presentations from our Business and Department Heads at each Board meeting;
- feedback from our key external advisers such as our external auditors and investment managers on their relationship with the relevant teams within the business;
- reports on the diversity and inclusion of the Board and the IPS business and oversight of the statistics set out in the ESG section on pages 56 and 57; and
- Board, Committee and individual directors' performance evaluations, the process and outcome of which is set out on page 77.

We continue to hold annual culture weeks to embed, share and celebrate our values as a business.

We believe the culture of the Group is strong and a contributing factor to our consistent performance in challenging market conditions.

> Our unique structure allows our investment managers to focus on capital generation, while knowing that historically approximately one-third of the Trust's income has been provided by the IPS business.

Our strategy – implementation

Our strategy is centred around the unique combination of the Portfolio and our IPS business. Whilst overseen by the Board, the IPS business operates independently from the Portfolio.

The IPS business provides a reliable source of revenue to the investment trust. This supports the dividend and ensures our investment managers are not constrained to choosing stocks solely based on yield. Instead, the investment managers benefit from increased flexibility in stock selection supporting the delivery of long-term capital growth.

Our unique structure is also tax efficient as some tax relief, arising from excess costs and interest payments which would otherwise be unutilised, can be passed from the Portfolio to the UK via Group Relief business reducing the tax liability for the Group and increasing shareholder returns.

The way in which we implemented the investment strategy during 2025 is described in more detail in the investment managers' review on pages 21 to 24.

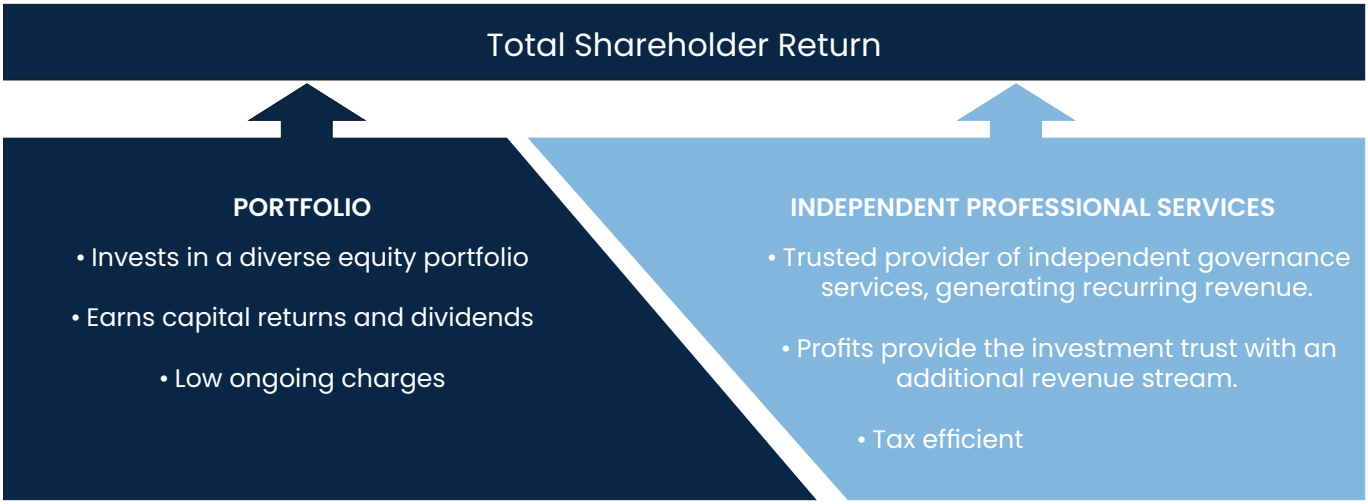
Annual performance is set out on pages 2 to 33, which contain tables, charts and data to explain performance both during the year under review and over the long-term. Performance against KPIs is discussed on page 38.

Company Overview continued

Our business model

Our business model is designed to position the Company for optimal performance in the AIC UK Equity Income investment trust sector.

Law Debenture's shares are intended for private investors in the UK (retail investors), professionally advised private clients and institutional investors. When choosing an equity focused investment trust, shareholders typically accept the risk of exposure to equities but hope that the pooled nature of an investment trust portfolio will give some protection from the volatility in share price movements that can affect individual equities.



PORTFOLIO

- The Portfolio will typically contain over 70 and up to 175 stocks, the maximum permitted.
- The Portfolio is diversified in order to spread investment risk with no obligation to hold shares in any particular type of company or industry.
- The IPS business does not form part of the Portfolio.

Whilst performance is measured against the FTSE Actuaries All-Share Index, the composition of the index does not influence the construction of the Portfolio. As a consequence, it is expected that the Portfolio and performance will deviate from the comparator index.

INDEPENDENT PROFESSIONAL SERVICES

Operating through a number of wholly owned subsidiary companies (see note 13 to the accounts), we provide pension trustee executives, outsourced pension services, corporate trust services and corporate services to companies, agencies, organisations and individuals throughout the world. The services are provided through offices in the UK, Dublin, New York, Delaware, Hong Kong and the Channel Islands.

Group employees are employed by L.D.C. Trust Management Limited ('LDCTM') and Safecall Limited (in the UK) or a locally incorporated entity (in the overseas jurisdictions). As part of their duties, a number of the employees provide services to the investment trust and a proportion of their time and related overheads are recharged to the trust, forming part of the ongoing charges.

More details about the performance of the IPS business in 2025 are given in the Chief Executive Officer's review on pages 11 to 19.

Company Overview continued

Our strategy – guidelines

The Board sets the investment strategy and actively monitors both the investment managers' and Executive Leadership team's adherence through a series of guidelines and parameters in each scheduled Board meeting. The strategy is reviewed periodically to ensure we deliver on our objective.

Investments

Permitted types of investments are:

- Equity Shares
- Cash/Liquid Assets

Restrictions:

- Trading is not permitted in suspended shares or short positions
- No more than 15% of gross assets will be invested in other UK listed investment trusts
- No more than 175 stocks
- No investment may be made which raises the aggregate value of the largest 20 holdings, excluding holdings in collective investment vehicles that give exposure to Japan, Asia/Pacific or emerging market regions, to more than 40% of the Portfolio, including gilts and cash
- The value of a new acquisition in any one holding may not exceed 5% of the total Portfolio value (including cash) at the time the investment is made
- Further additions shall not cause a single holding to exceed 5%, and Executive approval must be sought (to be reported at the next Board meeting), to retain a holding should its value increase above the 5% limit
- No investment in any investment vehicle managed or advised by Janus Henderson shall be made without prior Board approval
- No investment other than in equity shares quoted on a major international Stock Exchange (including AIM for the avoidance of doubt) or instruments convertible into the same may be made without prior Executive approval
- The Company may not make investments in unlimited liability companies

The current regional parameters are:

	Minimum %	Maximum %
United Kingdom	55	100
North America	0	20
Continental Europe	0	20
Japan	0	10
Asia/Pacific	0	10
Other (including South America)	0	10

Derivatives	May be used with prior authorisation of the Board
Hedging	Currency hedges may be put in place with Board approval to protect against foreign exchange movements on the capital and income accounts
Stock-lending	Up to 30% of the market value of the Portfolio may be lent
Gearing	A ceiling on net gearing of 50% is applied. Typically net gearing, (i.e. gearing net of cash), is between 10% and 20% of the total Trust value. The Board retains the ability to reduce equity exposure so that net cash is above 10% if deemed appropriate. Refer to page 168 for calculation of gearing
Daily dealing limit	Net purchases in any dealing day are to be limited to £30 million unless prior Executive approval is obtained
Underwriting	Permitted capital at risk up to 5% of the value of the Portfolio
Corporate approval	Where indicated, the investment managers must obtain prior approval to exceed permitted limits either through Board or Executive approval. Executive approval shall be the approval of either the Board Chair or the Chief Executive Officer. The Board may make non-material adjustments or changes to the investment policy from time to time. Any changes to the investment policy, which the Board deem to be material, require prior shareholder approval

Company Overview continued

Agreement with the investment managers

The appointed investment managers are Janus Henderson Investors (JHI). James Henderson and Laura Foll are the individuals from JHI that deal with the day to day portfolio management.

On a fully discretionary basis, our investment managers are responsible for implementing the Company's investment strategy. The contract is terminable by either side on six months' notice.

The agreement with Janus Henderson does not cover custody, which is the responsibility of the depositary (see section on regulatory compliance in the Directors' Report, page 67). It also does not cover the preparation of data associated with investment performance or record keeping, both of which remain the responsibility of the Company.

Fee structure and ongoing charges

Investment trusts are required to publish their ongoing charges ratio. This is the cost of operating the trust and includes the investment management fee, depositary and custody fees, investment performance data, accounting, company secretary and related back office administrative people and insurance costs.

The Group continues to have one of the more competitive fee structures in the UK Equity Income Sector. The investment management fee is charged at 0.30% p.a. of the net assets of the Group (excluding the net assets of IPS), calculated on the basis adopted in the audited financial statements. The management charge reduces to 0.275% for net assets over £1.5bn and 0.25% for assets over £2.5bn. The ongoing charges are 0.56%.

No performance fee is paid to the investment manager.

Reappointment of the investment managers

On an annual basis, at a minimum, the Board assesses whether the investment managers should be reappointed. The key criterion for assessment is the long-term performance of the Portfolio.

Given Janus Henderson's proven record of performance, and the competitive fee arrangements in place, the Board has concluded that the continued appointment of our existing investment managers remains in the interests of our shareholders.

Gearing and long-term borrowing

Investment trusts have the benefit of being able to 'gear' their portfolios according to market conditions. This means that they can raise debt (either short or long-term) to generate funds for further investment. These funds can be used to increase the size of the Portfolio. Alternatively, assets from within the Portfolio can be sold to reduce debt and the Portfolio can even be 'negatively geared'. This means selling assets to hold cash so that less than 100% of the Company's assets are invested in equities. At 31 December 2025, our gearing was 12% (2024: 11%) (refer page 168).

The Group has four debentures (long dated sterling denominated financing) details of which are on page 157. The weighted average interest payable on the debentures is 3.96% (2024: 3.96%).

During the year, the Group made arrangements to put in place a £50m term loan and £50m revolving credit facility for a 3-year term. Interest is charged at Sterling Overnight Index Average ('SONIA') plus 140bp margin.

The fair value of borrowings held by the Group is disclosed in note 20 to the accounts. The fair value calculation of all borrowings benchmarks the Group debt against A-rated UK corporate bond yields.

Capital structure

Law Debenture has one class of share – ordinary shares – and each share has the same rights as every other share.

The Company conducts its affairs so that its ordinary shares are capable of being recommended by independent financial advisers to retail investors in accordance with relevant FCA rules.

We consider our ordinary shares to be mainstream investment products because they are shares in an investment trust. The Company intends to continue conducting its affairs for the foreseeable future so that the ordinary shares can continue to be categorised as a mainstream investment.

Transparency

In order to assist shareholders in understanding the nature of the underlying investments they are buying into when investing in Law Debenture's shares, we publish our NAV on a daily basis. We also publish the entire Portfolio monthly, with additional monthly updates on the composition of the top ten holdings in the Portfolio.

Future trends and factors

Law Debenture will continue to strive to deliver its business objectives for both the Portfolio and the IPS business.

The Chairman's statement, the CEO's review and the investment managers' review (all of which form part of this Strategic Report) set out the Company's views on future developments.

Performance and related data

Pages 6 and 21 to 24, which contain performance and related data, form part of this Strategic Report.

Company Overview continued

Key performance indicators (KPIs) and alternative performance measures

The KPIs used to measure the progress and performance of the investment trust are:

- NAV total return with IPS and debt at fair value (combining the capital and income returns of the Group) and how this compares, over various time intervals, with relevant indices;
- the discount/premium in share price to NAV; and
- the costs and ongoing charges of running the Portfolio as a percentage of its value.

Since the objective of the investment trust is measurable solely in financial terms, the Board does not consider that it is appropriate to adopt non-financial KPIs for the Group. The financial measures adopted as KPIs are part of our financial reporting obligations.

NAV total return with IPS and debt at fair value

1 year	3 years	5 years	10 years
28.4%	**59.1%**	**96.6%**	**200.8%**

(Discount)/premium

	31 December 2025	31 December 2024
Year end	**(2.5%)**	2.4%
High for year	**3.6%**	3.0%
Low for year	**(4.2%)**	(5.9%)

Ongoing charges ratio

Year ended 31 December 2025	Year ended 31 December 2024
0.56%	0.51%

Alternative Performance Measures as defined under ESMA guidelines have been adopted and these are described in detail on pages 167 and 170.

Share price and NAV

Investment trusts can trade at a discount (where the share price is lower than the combined value ('NAV') of the underlying assets), or at a premium (where the share price trades at a higher level than the underlying NAV). Investment trust investors need to understand these concepts as well as examine the underlying portfolio and the way in which it is managed, to decide whether or not an investment trust share price represents "good value".

Law Debenture's responsibilities as an institutional shareholder

The Company recognises that, in delivering its objective to produce long-term capital growth and a steadily increasing income, it must ensure that its investment strategy is delivered with due emphasis on the need to ensure that investee companies are acting in accordance with accepted standards of corporate governance. The Company has therefore adopted the following policy.

We delegate stewardship activities within our investment portfolio to our investment managers, whose preference as an active manager, is to engage with management and boards to resolve issues of concern rather than to vote against shareholder meeting proposals. In their experience, this approach is more likely to be effective in influencing company behaviour. However, where they believe proposals are not in line with shareholder interests or where engagement proves unsuccessful, they will vote against.

Our investment manager will normally support incumbent management and vote in favour of resolutions proposed by the boards of companies in which it has a shareholding, but will vote against management or withhold a vote where appropriate.

The Board determines the Company's investment strategy but does not issue express instructions to the investment managers on transactions in particular shares. Where our investment manager believes that incumbent management is failing in its duties, they may enter into dialogue with the company concerned in an attempt to alter the management's position.

Where this is not possible, or where incumbent management declines to alter its behaviour, our investment manager will consider voting against resolutions proposed by the management. Further, if it is deemed necessary or desirable, the Company would consider acting collectively with other institutional investors to try and achieve a particular goal.

Janus Henderson, on Law Debenture's behalf, monitors companies in which Law Debenture is invested, and from time to time may discuss matters of corporate responsibility with such companies. Law Debenture's investment managers have voting discretion but may notify Law Debenture on occasion and when appropriate, should matters arise that might lead the Company to consider intervening, abstaining or voting against a particular proposal. During the year, the Company voted against one or more resolutions at 29 out of 158 shareholder meetings of investee companies. For more information on the Company's voting data, please refer to page 55 of the ESG report.

The Company will not hold shares in companies whose practices are, in its view, likely to damage the performance of the business to the detriment of its shareholders.

The Company does not believe that conflicts arise between its duties as an institutional shareholder and the work undertaken by the IPS business. The investment managers have complete discretion as to Portfolio decisions and as a matter of policy, have no access to 'non-public' knowledge about any of the activities of the IPS business.

Company Overview continued

Janus Henderson is a signatory to the 2020 UK Stewardship Code. As the Company's investment manager, Janus Henderson makes the day-to-day investment decisions and is therefore best placed to engage with Portfolio companies and discharge stewardship obligations. The Board is of the view that becoming a signatory to the Stewardship Code would unnecessarily duplicate the work of the investment managers and therefore continues to rely on Janus Henderson in this regard.

Valuation of our IPS business

Accounting standards require us to consolidate the income, costs and taxation of the IPS business into the Consolidated Statement of Profit or Loss on page 123. The assets and liabilities of the business are also consolidated into the Group column of the statement of financial position on page 124. A segmental analysis is provided in note 6 (pages 140 and 141) to these accounts which shows a detailed breakdown of the split between the Portfolio and the IPS business.

Consolidating the value of the IPS business in this way does not fully recognise the value created for shareholder by the IPS business in the NAV. To address this, the NAV we publish for the Group includes the fair value for the standalone IPS business.

In determining the calculation basis for the fair valuation of the IPS business, the Board continues to take appropriate external professional advice from PwC.

From 31 December 2024, an income-based valuation approach was adopted that follows a discounted cashflow ("DCF") analysis based on business forecasts These are adjusted to reflect fair value assumptions a hypothetical third-party would apply in valuing the business. An appropriate cost of equity is determined through consideration of comparable entities to build a discount rate and applied to the discrete forecast period and projected free cashflows in estimating the terminal value. PwC provide a valuation range from which the Board select a value.

The calculation of the IPS valuation and methodology used is described in note 13. As a cross check, the implied multiples for 31 December 2024 and 2025 are calculated by dividing the DCF IPS valuation by the underlying EBITDA (see APM on page 170).

Valuation guidelines require that the fair value of the IPS business be established on a stand-alone basis. Therefore, the valuation does not reflect the value of Group tax relief applied from the investment trust to the IPS business.

It is hoped that our continued initiatives to achieve growth into the IPS business will result in a corresponding increase in valuation over time. As stated above, management is again aiming to achieve mid to high single percentage growth in 2026. The total valuation (excluding surplus net assets) of the business has increased by £130m/166% since the first valuation of the business as at 31 December 2015. The uplift reflects the IPS business delivering revenue and underlying profit growth.

In order to assist investors, the fair value of the IPS business for the last ten years is provided in the Annual Report within the 10-year record on page 41.

Calculation of Net Asset Value ('NAV') per share

Calculation of NAV per share

The table below shows how the NAV at fair value is calculated. The value of assets already included within the NAV per the Group statement of financial position that relate to the IPS business have been removed (£30.5m) and substituted with the calculation of the fair value and surplus net assets of the business £233.0m. An adjustment of (£11.2m) is made to reflect the third interim dividend unpaid at the year-end and included in reported NAV. A further adjustment of £47.0m is then made to show the Group's debt at fair value, rather than the amortised cost that is included in the NAV per the Group statement of financial position. This calculation shows a NAV fair value for the Group as at 31 December 2025 of £1,440.4m or 1,081.49 pence per share.

	31 December 2025		31 December 2024	
	£000	Pence per share	£000	Pence per share
Net asset value (NAV) per Group statement of financial position*	**1,202,075**	**902.58**	931,371	706.18
Fair valuation of IPS	**208,665**	**156.68**	194,505	147.48
IPS Net Assets attributable to IPS valuation	**24,378**	**18.30**	18,811	14.26
Fair value of IPS business	**233,043**	**174.98**	213,316	161.74
Removal of IPS net assets included in Group net assets	**(30,517)**	**(22.91)**	(25,921)	(19.65)
Fair value uplift for IPS business	**202,526**	**152.07**	187,395	142.09
3rd Interim dividend, announced but unpaid at 31 December*	**(11,216)**	**(8.42)**	(10,607)	(8.04)
Debt fair value adjustment	**46,972**	**35.27**	42,353	32.11
NAV at fair value	**1,440,357**	**1,081.49**	1,150,512	872.34
NAV attributable to IPS	**233,041**	**16%**	213,316	19%

See commentary for the breakdown of the assets already included in the NAV per the financial statements.

The NAV at fair value per Annual Report is calculated above. This differs to the 'published' NAV at fair value for 31 December 2025 (year end NAV released by RNS on 2 January 2026). As such, please see below for a reconciliation:

	31 December 2025	
	£000	Pence per share
Reconciliation of Published NAV to Annual Report NAV:		
NAV cum income with debt at FV - published	**1,436,253**	**1,078.41**
Reconciliation of shareholders' funds to net assets:		
Published NAV	**(1,192,598)**	**(895.46)**
Annual Report NAV*	**1,202,075**	**902.58**
Revised IPS valuation uplift:		
Published NAV (valuation per 30 June 2025)	**(196,705)**	**(147.70)**
Annual Report NAV	**202,526**	**152.07**
Revised Fair Value of Debentures:		
Published NAV	**(46,950)**	**(35.25)**
Annual Report NAV	**46,972**	**35.27**
3rd Interim dividend, announced but unpaid at 31 December*	**(11,216)**	**(8.42)**
Total NAV at fair value per Annual Report	**1,440,357**	**1,081.49**

** The comparative has been restated to reflect dividend restatement removed from shareholders' funds. Refer note 29. The basis of the NAV at fair value is unchanged (Refer APM on page 167).*

Long-Term Performance Record

	2016	2017	2018	2019	2020	2021	2022	2023	2024	**2025**
Net assets per statement of financial position (£m)†	662.30	748.30	669.40	775.30	734.70	887.25	808.39	864.20	931.4	**1,202.1**
Revenue (pence)	15.96	21.66	21.26	30.68	21.56	28.09	34.44	33.43	33.48	**37.26**
Capital return (pence)	89.30	67.10	(71.85)	79.27	(19.06)	94.60	(103.17)	24.47	40.51	**192.28**
Total statutory (pence)	105.26	88.76	(50.59)	109.95	2.50	122.69	(68.73)	57.90	73.99	**229.54**
Revenue return (pence)										
Portfolio	10.88	11.61	13.23	22.18	12.12	18.09	24.06	22.41	23.26	**25.73**
Independent professional services[3]	7.68	9.93*	7.87	8.54	9.35	10.00	10.38	11.02	10.22	**11.53**
	18.56	21.54	21.10	30.72	21.47	28.09	34.44	33.43	33.48	**37.26**
Group charges	(2.60)	0.12	0.16	(0.04)	0.09	–	–	–	–	**–**
Total statutory revenue return (pence)[3]	15.96	21.66	21.26	30.68	21.56	28.09	34.44	33.43	33.48	**37.26**
Dividends (pence)	16.7	17.3	18.9	26.0	27.5	29.0	30.5	32.0	33.5	**35.5[(2)]**
Share price (pence)	530	629	540	650	690	799	771	801	893	**1,054**
(Discount)/premium (%)[1]	(11.4)	(6.0)	(12.1)	(7.4)	3.6	1.4	1.2	(0.2)	2.4	**(2.5)**
NAV at fair value (pence)[1]	598.5	669.5	614.1	702.2	666.2	787.8	761.7	802.7	872.3	**1081.5**
Market capitalisation (£m)[1]	627.2	744.5	639.3	769.8	817.3	982.1	984.4	1,046.1	1,177.8	**1,403.7**

1 NAV at Fair Value calculated in accordance with AIC methodology, based on performance data held by Law Debenture including fair value of IPS business and borrowings.
2 Proposed total dividend for 2025.
3 Underlying 2024 IPS revenue per share of 11.01 pence (see APM on page 168) deriving total revenue per share of 34.27 pence.
** This includes 2.72 pence per share of exceptional items including the sale of an unlisted investment, excluding which, normalised earnings per share were 7.21 pence per share.*

† *Net assets per statement of financial position were restated for 2020-4. No interim dividend had been announced and accrued for 2016-9. Refer note 29.*

Risk Management

Our approach to risk

The Board has carried out a robust assessment of the principal and emerging risks and uncertainties facing the Group, including those that could threaten its business model, future performance, solvency, liquidity or reputation. The Group's risk management and internal control framework is embedded in everyday operations and subject to ongoing enhancements to ensure it remains effective and responsive to the evolving risk landscape.

During the year, the Board has evolved its risk management approach to facilitate more strategic, holistic oversight of risks across both the Investment Portfolio and the IPS business. This evolution represents a shift from compliance-focused risk oversight towards a comprehensive framework that concentrates on the risks most critical to the success of Law Debenture.

The objective of our risk management framework is not to eliminate all risks but to understand, appropriately mitigate and actively manage them while seeking to deliver on our strategic objectives. A mature risk management approach enables us to anticipate potential challenges, identify opportunities to support informed decision-making, and pursue growth and innovation while maintaining appropriate safeguards for the protection of shareholder value.

RISK MANAGEMENT PROCESS AND GOVERNANCE OVERVIEW

Internal risk reporting	Parties involved	External risk reporting	Risk management process
Consolidated Group-level risks • Business area risk registers consolidated to draw out significant risks • Principal risks identified, including emerging risks • Review and agreement of the principal risks by the Risk, Operations and Controls Committee • Review and approval by the Audit and Risk Committee	**Top-down** • The Law Debenture Corporation p.l.c. Board • Group Audit and Risk Committee • Risk, Operations and Controls Committee • Group Risk team	**Principal risks and uncertainties** • A summarised version of principal risks for external reporting • Review and approval by the Audit and Risk Committee and the Board	Risk identification Risk assessment Risk evaluation and response Continual risk monitoring and reporting
Business and functional risk registers • Continual review and assessment of business area risk registers and challenge on mitigating actions, including consideration of emerging risks, by the business and Group Risk team • Review and challenge of risks at Risk, Operations and Controls Committee meetings	• Group Risk team • Business Unit Risk Committees **Bottom-up**		
Real-time issues and areas of change • Monitoring of emerging areas of increasing significance to the Group and establishing sufficient mitigating actions			

Risk Management continued

Risk Management Framework

The Board, through the Audit and Risk Committee, oversees risk management using a three-tier framework designed to provide both strategic focus and operational assurance:

1. Principal Risks - The external-facing risks disclosed in this Annual Report (pages 45 - 46), representing those risks which could seriously affect the Group's performance, future prospects or reputation. These are informed by the risk domain assessments described below.

2. Risk Domains - Six overarching strategic lenses through which the Audit and Risk Committee evaluates the Group's risk profile on a quarterly basis:

- Strategic risk
- Financial risk
- Reputational risk
- Regulatory risk
- Operational risk
- Culture risk

3. Business Risks - Detailed, bottom-up risk identification across the Group, covering both the IPS businesses and risks associated with the Portfolio. These operational risks are identified and managed by individual business lines and central functions. This granular risk management informs both the risk domain assessments and supports the identification of key controls in line with Corporate Governance Code guidance.

This structure enables the Board to maintain strategic oversight while ensuring that operational risks and controls are comprehensively managed at the executive level.

Portfolio Oversight

In discharging its oversight responsibilities in relation to the Investment Portfolio, the Board meets regularly with the investment managers and receives a wide range of reports including investment reviews, risk reporting and comparative peer analysis. Thematic discussions are held with the investment managers to address market trends and insights.

The Audit and Risk Committee receives an annual report from the Group Risk team, which includes findings from their annual operational due diligence visits and review of quarterly internal controls reports.

IPS Business Oversight

Risk management within the IPS business is overseen by the Group Risk function with governance from the Executive Risk Committee. This Committee, which meets regularly and is chaired by the Chief Financial Officer, is supported by the Group Risk team. Detailed, bottom-up risk identification and management is owned by individual business lines and central functions.

Risk Assessment Process

The risk assessment process evaluates both the probability of risks materialising and their potential financial, strategic or reputational impact, using a scoring system approved by the Audit and Risk Committee. Each risk domain is rated quarterly based on bottom-up and top-down business insights, key risk indicators, risk incidents and control effectiveness, and external environment scanning.

Those risks which have a higher probability and significant impact on strategy, reputation or financial performance are identified as principal risks. The Board does not consider that, overall, the principal risks and uncertainties identified have changed materially during the year, although the relative significance of certain risks has evolved as discussed on pages 45 - 46.

Risk Reporting

Risk reporting includes identification of thematic risk trends, communication across the business, and maintenance of risk registers. These registers document risk types, key risks identified and their status, and the internal controls and mitigating factors in place.

The Group Risk team provides quarterly reports to the Audit and Risk Committee on risk matters across both the Investment Portfolio and IPS business, with direct communication to the Chair of the Audit and Risk Committee to ensure appropriate oversight of significant matters.

Three Lines of Defence

The Group has organised risk management according to the three lines of defence model, with clear accountability between management (which owns the risks), the Risk function (which provides oversight), and Internal Audit (which provides independent assurance):

First Line: Frontline Staff and Management

- Primary responsibility for management of operational risks
- Taking adequate governance and control measures to manage risks day-to-day

Second Line: Risk and Compliance

- Responsible for the design, implementation and effectiveness of risk management
- Monitoring the first line of defence
- Challenge and oversight of risk management activities

Third Line: Internal Audit

- Providing independent and objective assurance about the effectiveness of first and second-line controls
- Direct reporting line to the Audit and Risk Committee
- During the year, the Group's internal audit function was outsourced to enhance expertise and independence

Risk Management continued

Governing Bodies:

- The Executive Risk Committee, the Audit and Risk Committee, and the Board.

Part of their remit is to set the risk appetite for the Group and oversee the effectiveness of risk management across the organisation.

Governance and Oversight

The Audit and Risk Committee assists the Board by providing oversight of the Group's risk management framework and internal controls. The Committee's responsibilities include reviewing principal and emerging risks to the Group, assessing the adequacy of controls in place to mitigate those risks, receiving quarterly reports from the Group Risk team, and ensuring the risk management framework remains relevant and effective.

Categorisation of Group Risks

A principal risk is a risk or combination of risks that could seriously affect the performance, future prospects or reputation of the Law Debenture Group. The principal risks are split into two categories:

Group Risks

The identified Group risks predominantly relate to the Investment Portfolio, which represents approximately 84% of the Group's net asset value. While the IPS business represents approximately 16% of net asset value and constitutes a concentration risk for the Group, it is subject to comprehensive risk management as described above.

Emerging Risks

In addition to principal risks, the Board regularly considers emerging risks – defined as potential trends, sudden events or changing risks characterised by a high degree of uncertainty regarding both their probability and potential impact. Given the Group's objective to deliver long-term capital growth and steadily increasing income, we continually horizon scan for emerging risks which, although not an immediate threat, may impact our ability to deliver on our objectives to shareholders. Should an emerging risk become sufficiently material, it would be elevated to a principal risk.

Risk Management continued

Group risk summary and mitigating actions

PRINCIPAL GROUP RISKS	CHANGES TO RISK IN 2025	MITIGATING FACTORS
1. Investment Performance and Market Risk		
The risk of the Portfolio failing to deliver and/or failing to consider and react to market conditions to deliver the strategic objectives to: • Achieve long-term capital growth. • Deliver steadily increasing income. • Achieve a rate of return greater than the FTSE Actuaries All-Share Index, our benchmark. The principal risk is a material decline in the value of the NAV and under-performance against the benchmark. Investment performance and market risk are the largest risks to which the Group is exposed. Our investment risk includes market risk, gearing risk, credit risk, leverage risk and liquidity risk.	**Unchanged** Continued geopolitical tensions present elements of uncertainty, and global economic pressures continue to have an unfavourable impact on global markets and therefore the Portfolio. High global inflation in the year undermines the value of investment returns.	• Market risk is an accepted risk given the nature of the Portfolio. To manage this inherent risk, the Board regularly reviews the investment managers' report including risk indicators, MI, and other financial information. The Board engages in open dialogue, robust discussion and provides challenge to the investment managers on their approach and performance, seeking explanations from the investment managers where performance is not in line with our objectives. • The investment trust is closed ended and therefore does not have to sell investments to provide liquidity to shareholders who wish to sell. This enables our investment managers to invest for the long-term. • To mitigate leverage risk, all borrowings require the prior approval of the Board and gearing ratios are kept under close review by the Board. We have substantial headroom on all of our debt covenants.
2. Cyber, Technology and Systems Risk		
The threat of unauthorised or malicious attacks on our IT systems is an ongoing risk. We rely on a set of critical IT systems which are fundamental to the day-to-day running of the business, as in any technology-enabled business. Failures in these systems could lead to reduced revenue, increased costs, liability claims, or harm to our reputation or competitive position. The systems of Janus Henderson, our investment managers, are also considered under this risk type.	**Increased** Cyber threats continue to evolve, requiring ongoing vigilance and investment in resilience measures. We continue to strengthen our security posture through implementing enhanced access controls and data protection capabilities	• The Group is Cyber Essentials Plus certified, the highest level of certification offered under the Government-backed, industry-supported Cyber Essentials scheme. • All staff are trained on cyber security risks including phishing training and testing. • We are continually investing in our IT security framework including working with industry-recognised best-in-class security providers. • We have an information security governance structure to help identify and mitigate threats. • As part of our ongoing oversight of Janus Henderson's control environment, Law Debenture's Group Risk team have specifically reviewed their information security and business continuity/disaster recovery plans. • Industry standard cyber insurance is in place to mitigate financial loss.

Risk Management continued

PRINCIPAL GROUP RISKS	CHANGES TO RISK IN 2025	MITIGATING FACTORS
3. IPS Concentration Risk		
The unique setup of the Group as a Portfolio alongside an unquoted IPS business, which represents 16% of NAV and accounted for 30.9% of revenue return per share in 2025, creates an illiquid concentration risk. Failure to deliver on the IPS strategy could result in a significant reduction in valuation of the Group's largest asset, thereby putting pressure on our ability to meet our stated objective of long-term capital growth, and steadily increasing income. IPS Concentration Risk also includes aggregation of litigation, compliance, regulatory and internal control failures and people risk.	**Unchanged** The IPS business includes some counter-cyclical services which may help to counteract any adverse market conditions for other business lines.	• The IPS business comprises a diversified range of services with little client concentration risk. • The CEO and COO are accountable for the day-to-day running and operation of the IPS business with independent oversight and challenge from the Non-Executive Directors. The performance of the IPS business is reviewed at all Board meetings. • The annual IPS budget is subject to review and approval by the Board which provides robust scrutiny and challenge on IPS strategic plans. • Any significant IPS investment requires Board approval. This reduces the risk of unplanned concentration risk. • Valuation of the IPS business takes into account the illiquid nature of the holding. This is reviewed and approved by the Audit and Risk Committee. • The Audit and Risk Committee has oversight of internal control findings from second/third line and external audit.

Emerging risks

Emerging risks are those identified by Law Debenture, where the potential impact and/or likelihood is not yet fully known. The firm monitors the evolution of these risks and associated mitigants.

Artificial Intelligence Adoption: The principal risk relating to artificial intelligence is the failure to adopt and integrate AI capabilities effectively. Organisations that do not develop appropriate AI strategies risk operational inefficiencies, reduced competitive positioning, and missed opportunities to enhance decision-making and risk management capabilities. Law Debenture continues to assess where AI can deliver meaningful value across the investment portfolio and IPS business, whilst developing appropriate governance frameworks to support effective implementation.

Viability Statement

Viability Statement

The Board has considered the Group's current financial position and the potential impact of its principal risks and uncertainties, and have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due for a period of five years from the date of this report.

In assessing the viability of the Group over the review period, the Board have considered a number of key factors, including:

Our business model & strategy

- The Board seeks to ensure that the Group delivers long-term performance. The closed ended nature of the investment trust creates a stable capital basis which enables our Investment Manager's to take a longer term view in their construction and management of the portfolio. This mitigates the risk to the Group of potential liquidity issues should shareholders wish to sell their shares, avoiding any untimely requirements to sell down the portfolio.
- As an Investment Trust, we benefit from the unique structure of a predominately UK-based equity portfolio with a diversified revenue stream arising from the IPS business. As demonstrated by our long-term performance, the combination of the Investment Portfolio and the IPS revenue streams provide protection to the long-term viability of the Group. Over a five year period, the share-price total return is 85.0%. The NAV total return with debt at FV is 96.6% compared to the FTSE Actuaries All-Index Total Return of 73.9%.
- One of the principal group risks relates to investment strategy and market performance. Part of the risk to the Group is that a breach of our debt covenants resulting in a requirement for the Group to repay the debentures at short notice, potentially requiring the sale of assets during a market downturn. Whilst the Board acknowledges this risk, the uncertainty arising due to the Covid pandemic and more recently the macroeconomic environment demonstrates the Group's ability to navigate these challenges. At the height of market decline on 23 March 2020, the Group maintained significant headroom on all covenants.
- The IPS business currently holds enough working capital to meet any short-term requirements of the Group and our book of clients provides a steady, largely reoccurring, flow of income. There has been a concerted focus on debtor management which has enhanced IPS cashflow over the past year, improving our working capital cycle.

  Furthermore, the majority of the portfolio is invested in UK listed securities which are traded on major stock exchanges, providing the Group with the ability to quickly liquidate assets, should the need arise.
- The investment Trust has an ongoing charge of 0.56% (2024: 0.51%). This is the fifth lowest OCR in the UK Equity Income sector[1].

[1] *Source: The AIC Compare investment companies | The AIC at 31/12/2025*

Our Business Operations

- The investment trust retains ownership of all assets held by the Custodian under the terms of formal agreements with the Custodian and Depositary. This supports our ability to meet our Legal and Regulatory requirements and acts as a control to both verify the existence our assets and further safeguard the interests of our Shareholders.
- The Group's cash is all held with banks approved by the Board. The Group's cash balance, including money market funds at the 31 December 2025 amounted to £43.8m (31 December 2024: £38.4m), of which, IPS held £17.7m. Cash is treated as fungible across the Group and it is deployed on a basis of need with periodic clear down of inter-company balances via an intra-group net-off agreement.
- There is long term borrowing in place comprising of four debentures;

Maturity date	Par Value	Interest
2034	£40m	6.125%
2041	£20m	2.54%
2045	£75m	3.77%
2050	£30m	2.53%
Total	**£165m**	**(weighted average) 3.96%**

  The weighted average cost of borrowing is 3.96%. Each debenture is subject to a formal agreement, including financial covenants which the Group has complied with in full during the year. As at the end of December, net gearing was 12%, which is well within the typical operating range of 10%-20% of the Investment Trust sector.
- During December 2025, the Group decided to put in place a £50m term loan and £50m revolving credit facility ("RCF") with RBSI, both for a 3-year term. The £50m secured overdraft facility previously held with HSBC was terminated. The RCF is currently undrawn and provides further mitigation against liquidity risk.
- The Board reviews the portfolio performance including revenue forecasts, along with other key metrics such as gearing at each Board Meeting and receives monthly financial reporting to monitor and manage the principal risk relating to investment performance.

In addition to this, the Board carries out an assessment of our principal risks and uncertainties which could threaten the Group's business model. As part of this exercise , the Board has assessed the emerging risks which may impact the operations of the Group and will continue to actively review the likely impact of these potential risks. This is set out on page 46.

The Board do not consider any ongoing geo-political events will have material impact on the long-term viability of the Group, given the headroom identified in the risk sensitivities from the far more extreme scenarios.

In light of the current conditions, the Board has considered the Group's current financial position and the potential impact of its principal risks and uncertainties, and has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due for a period of five years from the date of this report.

Balance Sheet Resilience

As at the 31 December 2025, Law Debenture Corporation plc held total investments, including cash and the IPS business, of £1.60bn (Dec 24: £1.30bn). With the exception of the IPS business, the majority of these assets are liquid and could be sold down within a short period of time, i.e. less than 10 working days.

The Board and the Executive Leadership team have actively monitored the cash position across the Group throughout the year, mindful of our commitment to pay quarterly dividends to shareholders. As of 31 December 2025, the group holds cash of £43.8m (31 December 24: £38.4m). In addition to this, the Group has an undrawn RCF facility of £50m to protect against any significant fall of cash inflows.

Conclusion

Based on this assessment, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the 5 year period of their assessment.

Section 172(1) Statement

As reported on page 34, the Company's purpose is to deliver peace of mind for our shareholders, clients and employees through the combination of our Portfolio and IPS business. Our purpose, values and strategy are inextricably linked and are reflected in our policies, practices and high standards of business conduct.

The Board is responsible for the overall strategy and overseeing the management of the Company and the wider Group, setting investment principles and ensuring that it is acting in accordance with its legal and regulatory obligations. In discharging its responsibilities, the Board takes into account the Group's purpose, values and culture and acts in good faith to promote its long-term success. This includes oversight of stakeholder engagement, feedback from the same as appropriate and ensuring that obligations to its key stakeholders are fulfilled. Those impacted by the Company and the wider Group's activities and considered key to its operations can be placed into the following six categories:

Review of stakeholder engagement mechanisms

The Board regularly reviews the effectiveness of its stakeholder engagement practices, including the existing governance structure around engagement, its list of key stakeholders and the engagement activities adopted. This included feedback from Clare Askem, in her capacity as Workforce Engagement Director, on the effectiveness of workforce engagement activities throughout the year.

Quarterly discussions were held between the Workforce Engagement Director, the Head of HR and the COO to review colleague matters including the latest eNPS results and key drivers of engagement. The data collected is now sufficient to enable persistent areas of weakness to be proactively addressed and quarterly data is actively used by line managers and HR colleagues across the business. Feedback on engagement activities has been positive and well-received, particularly for initiatives such as the "Better Together" lunches and the Culture week "Fireside Chat". eNPS scores remained strong and stable at c.16 with good survey participation. Key positive themes included culture, supportive management and purposeful work while areas for improvement focused on IT robustness, compensation and the Kantata time management system, these are being actively addressed by management. The Executive Leadership team were considered open to feedback and responsive in taking proportionate actions where required.

The Board concluded that the governance structure and current stakeholder engagement practices in general, remained effective.

Section 172(1) Statement continued

Key priorities and main methods of engagement with key stakeholders in 2025

KEY STAKEHOLDERS	KEY PRIORITIES	ENGAGEMENT ACTIVITIES IN 2025
Shareholders, potential investors and debenture holders		
Investment from shareholders and debenture holders makes up the majority of the Company's capital, funding the principal investment activities. Shareholders also hold the Board accountable to its investment and governance objectives.	To deliver against our stated objective to provide long-term capital growth in real terms and a steadily increasing income. To provide a fair, balanced and understandable representation of the Company and the Group's position, performance, business model and strategy.	• Distribution of the Annual and Half Year Reports • Registrar call centre/company secretarial inbox • Award nominations and wins* • Circulation of debenture compliance certificates • Engagement via the press and social media platforms including LinkedIn • AGM* • Institutional investor meetings • Analyst and shareholder meetings* • Quarterly dividends • Daily NAV publications • Monthly Factsheets • WIN: Widening Investor Networks**
Client and referral partners		
Clients and referral partners help to create, maintain and grow demand for our IPS services. Their feedback is encouraged to help us continue to improve as a business.	Seek to provide peace of mind to our clients through delivery of an excellent service.	• Client care meetings • IPS wide client and referrer survey • Annual and/or other periodic reviews • Lens photography competition* • Annual Pensions Debate* • Lawyers Referral Network meetings with wider legal and consulting networks
Employees		
Our people are key to our IPS operations and we rely on their support and expertise to deliver peace of mind through service excellence.	To provide a diverse and inclusive workplace which supports our people to grow their careers in a way that is both meaningful to them and promotes the delivery of our long-term strategy.	• Employee wellbeing week • Quarterly meetings on colleague matters between the Workforce Engagement Director, COO and Head of Human Resources* • Informal NED Better Together lunches where NEDs meet small groups of employees and Listening Groups to hear detailed feedback from a small cohort of employees on key topics* • Celebration of culture and values via our annual culture week* • Monthly culture carrier awards • Quarterly eNPS surveys • Monthly all-staff hybrid business updates • Bi-annual all-staff financial performance updates • NED visibility/attendance at key business updates for colleagues* • Community groups to bring our people together • Learning and development training modules • Team and Company-wide events • Reports from Business and Department Heads at Board meetings* • Financial Planning Sessions • Contact/escalation for whistleblowing matters • Office space optimisation

** Direct engagement with members of the Board. All other items are overseen by management and reported to the Board or its Committees, as appropriate.*
*** Further information on our WIN programme can be found on the inside front cover.*

Section 172(1) Statement continued

KEY STAKEHOLDERS	KEY PRIORITIES	ENGAGEMENT ACTIVITIES IN 2025
Principal service providers		
We rely on our service providers to manage our Investment Portfolio and provide the infrastructure and advice to meet our shareholders' expectations, service our client base and remain compliant with legal and regulatory requirements. Our principal service provider is the investment manager, Janus Henderson Investors. Key suppliers include our joint corporate brokers, registrar, depositary/ global custodian and external auditor.	To provide a clear framework and open communication channel between us and our key service providers to facilitate the best possible investment outcomes for our shareholders.	• The investment managers present at all scheduled Board meetings* • Annual review of the investment managers' controls and compliance • Informal meetings between investment managers, PR and Marketing team and LawDeb Marketing Director in order to streamline processes and share best practice marketing • Regular meetings with custodian and depositary • Regular meetings with our corporate brokers* • Annual service review with our registrar • Active engagement with large suppliers of the IPS infrastructure
Governmental agencies/regulatory bodies		
We have a duty to ensure we are compliant with any laws, regulations and applicable best practice. We also ensure that we engage in consultations and relevant discussions regarding new implementations or updates that might affect any of our key stakeholders and our ability to operate effectively within the market.	To comply with existing laws, regulations and applicable best practice and to contribute to discussions when these are being made, in the best interests of shareholders and our other key stakeholders.	• Responses to external consultations on proposed legal and regulatory changes • Regulatory and compliance updates to the Board and its Committees by Legal, CFO, Company Secretary and Group Risk team
Community and the environment		
We recognise that we are stewards of our community and the environment and that investment geared toward these helps to improve economic stability and build a more inclusive community. This in turn contributes to the Company's sustainability and subsequently helps us to deliver on our objective for our shareholders in light of our key stakeholders' interests.	To act responsibly as an institutional shareholder and to ensure we have a positive impact on the Company's operations, the community and our environment.	• ESG reporting to the Audit and Risk Committee • ESG page on Group website, including publishing our Environmental policy • Charity group supporting chosen charities • Largely paperless offices and increased recycling in all offices • Deemed consent for shareholders to receive electronic communications • Energy efficient office buildings in London, Manchester and Sunderland • Voluntary TCFD disclosures • Minimal carbon emissions • Increased regular communications from the ESG committee on initiatives • Designated ESG section in our annual report • Increased employee engagement (see above) and diversity, equity and inclusion initiatives in the last three to four years • Octopus electric car scheme offered as benefit in kind to employees • Volunteering opportunities at Whitechapel Mission and Wood Street Mission

** Direct engagement with members of the Board. All other items are overseen by management and reported to the Board or its Committees, as appropriate.*

Section 172(1) Statement continued

Key strategic decisions impacting stakeholders in 2025

Where appropriate, information or feedback received from shareholders and other key stakeholders are routinely reported to the Board by the Executive Leadership team, Legal, the Company Secretary, IPS Business Heads, the Group Risk team and the investment managers.

During the year, the Board made decisions to deliver against our strategy, whilst considering the different interests of our stakeholder groups and the impact of key decisions upon them. Each decision taken by the Board is with a view to ensuring that we deliver on our commitment to our shareholders to deliver peace of mind through long-term capital growth and steadily increasing income. The following provides an overview of some of the key decisions taken and how integral our stakeholders are in the Board's decision-making process.

1) OFFICE SPACE OPTIMISATION

During 2025, the Executive Directors considered the interests of colleagues and the long-term implications of workplace design when reviewing Law Debenture's office space strategy. In response to evolving working patterns, the Executive Directors approved amendments to office layouts to create more collaboration zones and adapt desk protocols to support flexible arrangements. These changes were informed by feedback from employees on the need for spaces that foster teamwork and accommodate hybrid working. When assessing options for the Manchester office, the Executive Directors prioritised accessibility for colleagues, rejecting several potential sites due to poor transport links. These decisions demonstrate Law Debenture's commitment to employee wellbeing and productivity, while supporting the company's long-term success through an inclusive and efficient working environment.

2) IMPROVING ANNUAL GENERAL MEETING EXPERIENCE

In 2025, the Board considered shareholder feedback and the importance of effective engagement when planning Law Debenture's Annual General Meeting. Responding to concerns raised in previous years about space and accessibility, the Board moved the AGM from the company's office to an independent venue that offered a more comfortable and professional setting. The Board also took into account practical factors such as catering quality, acoustics, and timing of the event to maximise participation and create an environment conducive to meaningful dialogue. These decisions demonstrate Law Debenture's commitment to acting fairly between shareholders and ensuring they have the best opportunity to engage with the Board, supporting transparency and long-term trust in the company.

3) SHAREHOLDER ENGAGEMENT – WIN INITIATIVE AND INDUSTRY RECOGNITION

In 2025, the Board continued to prioritise meaningful engagement with shareholders, recognising the importance of acting fairly across Law Debenture's shareholder base and supporting long-term trust. The Board advanced the **Widening Investor Networks (WIN)** initiative, designed to improve financial education and accessibility for retail investors through dedicated events and online resources. This programme reflects Law Debenture's commitment to transparency and inclusivity, ensuring that all shareholders have the opportunity to understand and participate in the company's growth. These efforts were acknowledged externally when Law Debenture received the **Shareholder Initiative of the Year** award at the Investment Week "Investment Company of the Year Awards," presented in association with the AIC. This recognition reinforces the Board's focus on shareholder interests and its regard for the long-term success of the company.

4) REMUNERATION POLICY CONSULTATION

The Remuneration Committee reviewed the remuneration policy ahead of seeking feedback from major shareholders in January 2026 as part of the triennial review, which will be put to shareholders at the 2026 AGM. Further details may be found in the Directors Remuneration Report on page 85.

5) BALANCING SHAREHOLDER RETURNS AND FINANCIAL DISCIPLINE THROUGH NEW REVOLVING CREDIT FACILITY

During 2025 the Board made arrangements to put in place a £50m term loan and a £50m revolving credit facility for a 3 year term. The Board carefully assessed the gearing impact of taking out the facility a well as investor appetite for changing the gearing level.

Sarah Snow
'Valley of Evolution'

Environmental, Social and Governance ('ESG')

Group Approach to ESG

Our ESG Philosophy

ESG considerations underpin our approach to delivering sustainable long-term returns for our shareholders whilst promoting behaviours aligned to our corporate purpose and values. As a combination of an investment portfolio and an independent professional services business, we recognise that our ESG responsibilities extend across both dimensions of our Group.

Our Investment Managers integrate ESG factors into their analysis and decision-making, seeking to deliver a more resilient portfolio and better outcomes for shareholders, the community, and the environment. Within our IPS business, governance is not merely a service we provide to clients—it defines how we operate. As independent fiduciaries, trustees, and governance professionals, we are held to the highest standards of transparency, accountability, and ethical conduct in everything we do.

Our ESG Framework

We view ESG through three distinct but interconnected lenses, each reflecting a different aspect of our responsibilities as a Group:

1 Investment Portfolio ESG Integration

Our Portfolio, managed by Janus Henderson Investors, incorporates ESG analysis as an integral component of the investment process. ESG factors are considered alongside traditional financial metrics to identify risks and opportunities that may impact long-term value creation. This disciplined approach seeks to build a resilient portfolio that can navigate evolving environmental, social, and governance challenges whilst delivering sustainable returns for our shareholders. Please refer to pages 54 to 55 for further information including our voting data.

2 IPS Business: Our Dual Responsibility

Our IPS business embodies ESG principles in two complementary ways:

a) IPS Corporate Activities

As an organisation, we are committed to operating responsibly and managing our environmental and social impact.

These initiatives on pages 56 to 59 reflect our understanding that sustainable business practices begin with our own operations and the example we set for our people and clients.

b) IPS at the Heart of Governance Services

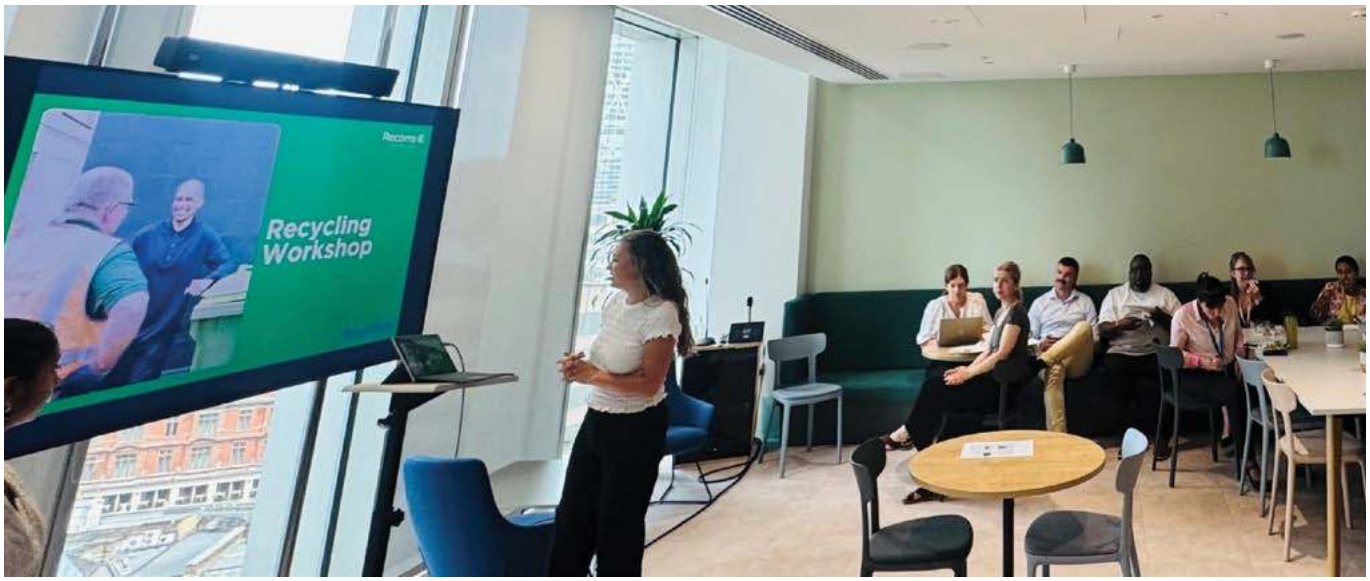
Beyond our internal operations, we play a unique role in advancing governance standards across the organisations we serve. Through our pension trusteeship, corporate trust, corporate secretarial, and fiduciary services, we help clients build and maintain robust governance frameworks that protect stakeholder interests and promote long-term sustainability.

Our work in this area is detailed on pages 59 to 60, which demonstrates how our professional services contribute to stronger governance across multiple sectors and jurisdictions.

3 ESG Compliance and Transparency

We are committed to transparent reporting on our ESG performance and continue to evolve our disclosures in line with best practice. In 2025, we maintained our voluntary TCFD disclosures on pages 60 to 62, providing stakeholders with insight into how we assess and manage climate-related risks and opportunities across both our Portfolio and IPS operations.

We also provide comprehensive data on our workforce diversity, including gender and ethnic diversity metrics, recognising that diverse teams drive better decision-making and outcomes. This disclosure can be found on pages 56 to 57 of this report.



Environmental, Social and Governance ('ESG') continued

Environmental Case Study: Supporting Gelion's Growth as a Strategic Investor

We engaged with the management team of Gelion, a developer of lithium-sulphur batteries, to explore the environmental and performance advantages of their technology compared to existing battery chemistry. The raw materials used are abundant and cost-effective, offering enhanced safety and superior high-temperature performance. Initial applications are expected in drone technology, with longer-term potential to compete in traditional lithium-ion markets such as electric vehicles. Law Debenture supported Gelion's capital raise at 9p per share in May and a subsequent rights issue at 20p in November. The funds will accelerate commercialisation of this innovative technology, which, if successful, will contribute to a cleaner and more sustainable future.

1 Investment Portfolio ESG Integration

As a FTSE 250 PLC, we operate within a comprehensive regulatory framework designed to protect stakeholder interests and ensure the highest standards of corporate conduct. We comply with the UK Corporate Governance Code and the Financial Conduct Authority's UK Listing Rules, with full details of our compliance provided in our Corporate Governance report on pages 72 to 75.

As an UK investment trust, we also adhere to the UK Stewardship Code through our investment manager. The Code establishes standards for institutional investors, asset managers and service providers to promote long-term value creation and responsible investment practices. This dual framework—corporate governance for our Group and stewardship principles for our investment activities—ensures accountability and transparency across all aspects of our operations.

ESG Considerations When Investing

Whilst we are not positioned as an ESG investment trust, our investment managers integrate ESG factors as part of their fundamental stock analysis. The investment managers consider ESG risks that are material and could impact a company's prospects. These risks would be likely to have a significant impact on the financial condition or operating performance of a business, and have the potential to influence investment decisions. Our investment managers also evaluate a company's ability to manage these risks when choosing to invest or divest in a company. ESG factors are considered to be material if omitting, obscuring or misstating them could be reasonably expected to influence investment decisions.

Whilst ESG data is considered, the managers' approach to ESG is more qualitative which means that companies with weaker ESG risk profiles are not automatically excluded from the portfolio.

The managers do not explicitly exclude any stocks or sectors, but they will divest or not invest in companies where company management are not considered to be appropriately managing risks, or where they believe companies do not present an attractive risk reward proposition.

The team proactively engages with senior management on key ESG issues and risks, assessing their responses and subsequent actions. Typically, the managers meet at least annually with the companies held in the Portfolio with part of the discussion covering material ESG concerns.

ESG materiality disclaimer

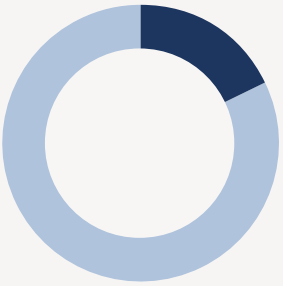
The Company integrates ESG but does not pursue a specific sustainable investment objective or otherwise take ESG factors into account in a binding manner. ESG integration is the practice of incorporating material environmental, social and governance information or insights in a non-binding manner alongside traditional measures into the investment decision process to improve long-term financial outcomes of portfolios. ESG related research is one of many factors considered within the investment process.

Environmental, Social and Governance ('ESG') continued

Voting

We delegate stewardship activities within our investment portfolio to our investment managers, whose preference as an active manager, is to engage with management and boards to resolve issues of concern rather than to vote against shareholder meeting proposals. In their experience, this approach is more likely to be effective in influencing company behaviour. However, where they believe proposals are not in line with shareholder interests or where engagement proves unsuccessful, they will vote against.

% of AGMs with at least one vote against management



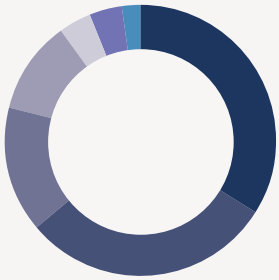
Source: Janus Henderson using Institutional Shareholder Services (ISS) categories, 31 December 2025, for the period 1 January 2025 to 31 December 2025.

Note: Some meetings had more than one vote against management.

18% of meetings with at least one vote against management

82% of meetings where we did not vote against management

Voting by category



Source: Janus Henderson using Institutional Shareholder Services (ISS) categories, 31 December 2025, for the period 1 January 2025 to 31 December 2025.

34% Director-related

30% Compensation

15% Capitalisation

11% Routine business

4% Auditor-related

4% Company articles

2% Mutual fund-related

Notable votes cast against management proposals:

Cummins – We voted against management and in favour of a proposal to separate the roles of Chairman and CEO, as we believe this represents best practice in corporate governance.

XP Power – We voted against management by rejecting the proposed remuneration package, as we believe pay should be aligned with shareholder returns. This decision followed a period of poor company performance.

Notable votes cast in favour of management proposals:

Elementis – We supported management and voted for the appointment of Christopher Mills to the Board, despite our proxy advisor's recommendation against. We believe his relevant experience will add value and that he will act in the best interests of shareholders.

Law Debenture voting summary

During 2025, our investment managers voted on behalf of Law Debenture at 158 company meetings, including 29 with at least one vote against management.

Environmental, Social and Governance ('ESG') continued

2 a) IPS Corporate Activities

As an organisation, we are committed to operating responsibly and managing our environmental and social impact. Our internal corporate activities demonstrate this commitment through tangible actions across environmental stewardship, social responsibility, and our approach to people.

Governance of Our ESG Activities

Our ESG Committee provides oversight and strategic direction for the Group's environmental, social and governance initiatives. The ESG Committee met seven times during 2025, ensuring regular review of our progress and priorities, driving forward the Group's commitment to environmental responsibility, social impact and sustainability, whilst, through governance, taking necessary steps to enhance our disclosures to investors and the wider market.

Environmental Stewardship

During the year, we partnered with Brookfield Properties through the AccelerateESG programme to strengthen the sustainability performance of our London head office. This collaboration included detailed waste and energy audits, workshops and specialist-led sessions focused on reducing consumption, improving recycling and identifying long-term efficiency opportunities. The initiative showcased strong cooperation between our ESG Committee and Brookfield's sustainability experts, providing valuable recommendations that will inform our future environmental strategy and support continued staff engagement in positive change.

We also collaborated with Recorra to complete our first waste audit at our head office, followed by a recycling 'Lunch and Learn' session and an interactive recycling game to drive awareness and behaviour change among our people.

Our commitment to reducing waste extends to our IT equipment. We operate an IT asset recycling programme to ensure redundant technology does not end up in landfill. Through this initiative, we extend the life of our equipment where possible, with old TV screens donated to a local hospital, combining environmental responsibility with community benefit.

Social Responsibility and Community Engagement

We strengthened our community engagement through support for our nominated charities of the year, the Samaritans and Marie Curie, via a wide variety of activities and fundraising initiatives. We also encouraged volunteering with our partners—The Whitechapel Mission in London and Wood Street Mission in Manchester—and provided pro bono trustee services to a charity pension scheme, applying our professional expertise for social benefit.

Our annual group-wide Culture Week continued in 2025, bringing together colleagues across the business to meet and share ideas, reinforcing our collaborative culture and values.

Diversity, Inclusion and Our People

The composition of our Board and Executive Leadership team reflects a diverse cross-section of gender, ethnicity, age and background. We are proud of the progress we have made and believe we are reaping the rewards of genuine diversity of thought. Please refer to pages 56 to 57 for our table of workforce diversity metrics across gender and ethnicity.

We maintained our commitment to inclusive recruitment by continuing our ethnicity and gender shortlisting requirement with our preferred recruitment providers. Training for all staff included unconscious bias, and equality and diversity topics. Our community groups, including the Charity Committee and Rainbow Nation Community Group—a networking and support community for LawDeb employees of diverse backgrounds—provide spaces for connection and support.

Learning and Development is supported across the organisation with numerous opportunities for all employees as well as the Senior Leadership Team. As part of this programme the Board were delighted that Trish Houston was awarded a full scholarship to attend the London Business School flagship Executive Programme.

Environmental, Social and Governance ('ESG') continued

Workforce diversity metrics across gender and ethnicity

REPORTING ON GENDER IDENTITY (unaudited)																		
As at 31 December	Number of Board members		Percentage of the Board		Number of senior positions on the Board (CEO, COO, SID and Chair)[1]		Number in executive management[2]		Percentage of executive management[2]		Number in senior management[3]		Percentage of senior management[3]		Number in Group employees		Percentage of Group employees	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Women	**3**	3	**43%**	43%	**2**	2	**2**	2	**50%**	50%	**7**	7	**44%**	47%	**179**	172	**57%**	57%
Men	**4**	4	**57%**	57%	**2**	2	**2**	2	**50%**	50%	**9**	8	**56%**	53%	**136**	129	**43%**	43%
Total	**7**	7	**100%**	100%	**4**	4	**4**	4	**100%**	100%	**16**	15	**100%**	100%	**315**	301	**100%**	100%
REPORTING ON ETHNIC BACKGROUND (unaudited)																		
White British or other White (including minority-white groups)	**6**	6	**86%**	86%	**4**	4	**4**	4	**100%**	100%	**15**	13	94%	86%	**213**	195	**68%**	64%
Mixed/Multiple Ethnic Groups	–	–	**0%**	0%	–	–	–	–	**0%**	0%	–	1	**0%**	7%	**5**	5	**2%**	2%
Asian/Asian British	**1**	1	**14%**	14%	–	–	–	–	**0%**	0%	**1**	1	**6%**	7%	**47**	44	**15%**	15%
Black/African/ Caribbean/ Black British	–	–	**0%**	0%	–	–	–	–	**0%**	0%	–	–	**0%**	0%	**23**	20	**7%**	7%
Other ethnic group, including Arab	–	–	**0%**	0%	–	–	–	–	**0%**	0%	–	–	**0%**	0%	**13**	14	**4%**	5%
Not specified/ prefer not to say	–	–	**0%**	0%	–	–	–	–	**0%**	0%	–	–	**0%**	0%	**14**	23	**4%**	7%
Total	**7**	7	**100%**	100%	**4**	4	**4**	4	**100%**	100%	16	15	**100%**	100%	**315**	301	**100%**	100%

1 At Law Debenture, the role of COO has been defined as a Senior Board position. The CFO is not a Board position but is a member of the executive management.
2 Executive management report to the Board.
3 Our definition of "senior management" aligns to that of the Parker Review (https://parkerreview.co.uk/). We have excluded the CEO and COO who are also members of the Board as well as members of the Executive Committee. Changes to female representation among senior management are largely due to organisational changes. There remains strong female representation across the Group.

Data collection

The data underpinning the above table which employees may provide voluntarily at the point of enrolment, is retained as part of our employee records. While we encourage colleagues to supply this information, there is no statutory requirement to do so.

Embracing Demographic Change

As a people business, our colleagues are our greatest asset. Whilst they don't appear on our balance sheet, their collective knowledge, judgement and relationships define the value we deliver to clients. We recognise that profound demographic shifts are reshaping work—lives and careers are extending, technology is transforming traditional roles, and people want different things at different life stages.

In 2025, we began exploring how to turn these changes into opportunity: rethinking our employee value proposition to attract and develop talent from their 20s through to their 70s, creating systematic knowledge exchange between generations, and designing roles that allow people to contribute meaningfully throughout their working lives. This isn't just about flexibility—it's about building real intergenerational diversity that strengthens what we offer our people and our clients.

As governance specialists, we see clear connections between our internal work and our client services: the way people accumulate and draw pension wealth across 50-year-plus working lives, how boards operate effectively with multi-generational members, and how organisations capture value from demographic diversity. We're positioning ourselves not just to adapt to these shifts internally, but to help clients and broader stakeholders navigate them, bringing the insight we gain from our own experience to the governance challenges our clients face.

Environmental, Social and Governance ('ESG') continued

Recognition

We are proud of the recognition our ESG efforts have received including:

- Law Debenture won the award for 'Most Impact' at the 2025 INSEAD Alumni Balance in Business Initiative Awards, celebrating companies who have made substantial efforts towards gender balance in the boardroom, the workplace and beyond
- A member of the CSS team was awarded NextGen Diversity Champion at the Black Excellence in Governance Awards (UK) and ESG Champion by the DMJ Governance Hot 100
- Two of our pension trustees were shortlisted in the Women in Pensions Awards 2025

Human rights and modern slavery

The Group believes in the importance of doing business in ways that value and respect the human rights of our staff, customers, and business partners.

The Group will not knowingly engage with companies that use unlawful child labour or forced labour, nor will it knowingly accept products or services from suppliers that employ or utilise child labour or forced labour.

Pursuant to the UK Modern Slavery Act, our Modern Slavery Statement is published on our website https://www.lawdebenture.com/modern-slavery-and-human-trafficking-statement

One of our key IPS services is Safecall, a confidential whistleblowing hotline, which has enabled clients to identify and address real instances of human rights and modern slavery risks within their organisations and supply chains. By providing a secure channel for concerns to be raised, we help those charged with governance gain visibility of issues that would otherwise be difficult to surface. Our global reach strengthens this further. Safecall operates worldwide in 100+ languages, a capability our clients consistently value, especially for complex, international organisations. This broad access ensures workers everywhere can speak up, directly supporting stronger governance and more effective action on modern slavery issues.

Emissions Data (Unaudited)

As a business, we are conscious that our decisions impact the environment. The Group's Scope 2 carbon emissions arise from consumption of energy in maintaining our offices. Our London and Manchester offices use 100% renewable energy with no carbon emissions and are built to high sustainability standards. These zero carbon sources represent over 80% of energy use across the Group. No additional energy-reduction measures have been implemented in 2025; however, we have completed our first energy audit at the head office and are now using the findings to develop a plan for implementing energy-reduction initiatives.

Energy consumption		kWh
As at 31 Dec	**2025**	2024
Scope 1[1]	**–**	–
Scope 2[2]	**737,726**	637,995

Approximately 88% of energy consumption is from UK operations, with the remainder from our overseas offices.

Carbon emissions		Tonnes of CO2e
As at 31 Dec	**2025**	2024
Scope 1[1]	**–**	–
Scope 2[2]	**39.90**	34.00

Approximately 20% of carbon emissions are from UK operations as most of our UK office space is powered by zero carbon emissions fuel sources, with the remainder from our overseas offices.

Intensity ratio		Tonnes of CO2e per £000 of IPS revenue
As at 31 Dec	**2025**	2024
Scope 1[1]	**–**	–
Scope 2[2]	**0.0006**	0.0006

1 The Group has nil Scope 1 emissions.

2 Emissions from purchased electricity in our offices, market-based.

** The ratio "Tonnes of CO2e per £000 of IPS revenue" uses IPS revenue from notes to the accounts "6. Segment analysis". As we are calculating Scope 2 emissions (energy used in our offices), IPS revenue is used in the ratio, as the Portfolio has nil Scope 1 and 2 emissions. The calculations have not been externally audited.*

Where available, direct office energy bills are used to determine consumption, pro-rating figures for shared office spaces. Emissions are calculated using the energy provider's CO_2e data. For our smallest office, where accurate energy data is unavailable due to its location within a larger building, we apply an alternative method based on the Group's average energy consumption per employee. The Group is not currently required to calculate Scope 3 emissions, and does not yet calculate Scope 3 emissions.

The parent company, The Law Debenture Corporation p.l.c., heads the Group and reports on the streamlined energy and carbon reporting (SECR) regulations. None of the Group subsidiaries meets the SECR regulations at an individual level.

Environmental, Social and Governance ('ESG') continued

Law Debenture offers employees a 100% electric salary sacrifice scheme through Octopus Electric Vehicles. As these vehicles are leased personally by staff and do not form part of a Group fleet, their emissions are excluded from the Group's reported emissions data.

These initiatives reflect our understanding that sustainable business practices begin with our own operations and the example we set for our people and clients.

Greenhouse Gas Reporting Definitions

Carbon greenhouse gas ('GHG') usage is calculated and presented in three categories using The Greenhouse Gas Protocol:

Scope 1 – direct GHG emissions from combustion in owned or controlled boilers and vehicles (nil consumption for the Group)

Scope 2 – energy emissions from own consumption of purchased electricity, heat, steam and cooling—for example, offices where we control our energy

Scope 3 – other indirect emissions of wider operational reach including investments, business travel, supply chain, and office energy not captured in Scope 1 or 2

We are committed to transparent reporting on our ESG performance and continue to evolve our disclosures in line with best practice. In 2025, we maintained our voluntary TCFD disclosures on pages 60 to 62, providing stakeholders with insight into how we assess and manage climate-related risks and opportunities across both our investment portfolio and IPS operations.
We also provide comprehensive data on our workforce diversity, including gender and ethnic diversity metrics, recognising that diverse teams drive better decision-making and outcomes. These disclosures can be found on pages 56 to 57 of this report.

Looking ahead to 2026, we continue to increase ESG awareness across the Group through education, communication, and a range of activities that embed sustainability thinking into our daily operations and strategic decision-making.

2 b) IPS at the Heart of Governance Services

From its origins over 135 years ago, Law Debenture has diversified to become a group providing a range of governance services, further details of which can be found in the Chief Executive Officer's review on pages 11 to 19.

Strong governance is the foundation of sustainable business. It builds trust, ensures accountability, and protects long-term value for all stakeholders. As an independent professional services provider, we understand that governance is not simply about compliance—it is about creating frameworks that enable organisations to navigate complexity, manage risk effectively, operate with integrity and transparency, and create value for stakeholders.

Our IPS offering supports clients in their broader governance agenda through trusted expertise, innovative solutions, and thought leadership. In 2025, we demonstrated this commitment across our service lines:

Corporate Services

Advancing Corporate Transparency

Through our custom-built identity verification portal, launched in response to the Economic Crime and Corporate Transparency Act, we transformed a complex regulatory burden into a straightforward compliance solution for UK directors and People with Significant Control (PSC). By providing secure, efficient processes and proactive guidance, we helped clients navigate new mandatory requirements with confidence, protecting both their businesses and the integrity of the UK corporate register.

Supporting Football Governance Reform

The Football Governance Act and new Independent Football Regulator created uncertainty for clubs facing heightened governance expectations. Our Corporate Secretarial Services team helped clubs understand and implement requirements around purpose, accountability, diversity, risk management and succession planning. By translating complex regulatory demands into practical governance frameworks, we enabled clubs to meet the new standards whilst maintaining focus on their sporting and commercial objectives.

Promoting Ethical Culture

Since 1999, Safecall has provided organisations with confidential whistleblowing services that enable employees to speak up without fear of retaliation. By creating safe channels for concerns to reach senior management, we help organisations identify and address issues that could undermine their ethical culture and governance. When a long-standing professional services client needed to enhance their compliance following new EU and UK legislation in 2024, we implemented investigation management functionality and extended reporting to third parties, ensuring they could meet regulatory requirements whilst protecting their people and reputation.

Corporate Trust

Shaping Energy Sector Governance

For over 35 years, our Corporate Trust team has worked in energy decommissioning security, building deep sector expertise.
We share this knowledge with the Department for Energy Security and Net Zero, contributing to the development of governance frameworks that must balance environmental protection, investor confidence, and the sector's transition to renewable energy. Our insights help shape practical approaches that protect stakeholder interests whilst enabling the energy transition.

Protecting Investor Interests

As corporate trustee, we act as independent fiduciary for investors throughout a transaction's life. This means standing between issuers and investors to ensure terms are honoured, covenants are monitored, and investor interests are protected when challenges arise. Our independence and unwavering focus on fiduciary duty provide the foundation of trust that enables capital markets to function effectively.

Pensions

Strengthening Trustee Governance

We strengthen pension scheme governance by embedding clear roles, effective decision-making and robust oversight aligned with The Pensions Regulator's General Code. Through independent monitoring and targeted performance reporting, we help trustees improve efficiency and transparency - ultimately delivering better outcomes for the scheme members who depend on these pensions for their retirement security.

Environmental, Social and Governance ('ESG') continued

Embedding ESG in Pension Governance

Reflecting our fiduciary responsibility for assets of approximately £330bn, we actively embed sustainability into pension governance and investment practices. In 2025, The Law Debenture Pension Trust Corporation plc became the first major trustee firm to sign the A4S Sustainability Principles Charter for the Bulk Annuity Process, demonstrating our commitment to advancing sustainable investment across the industry.

Supporting Innovation in Retirement

Our Dublin Pensions team contributed to the Irish Regulator's consultation on 'In Scheme Drawdown', which would allow members to take flexible income from their pension whilst keeping remaining funds invested in their employer's scheme. This innovation could significantly improve retirement outcomes for members who want flexibility without the cost and complexity of transferring their pension elsewhere. By supporting this initiative's development, we're helping create simpler, more accessible retirement options that better serve members' financial interests. Through collaboration and innovation, Law Debenture and the schemes we support aim to drive meaningful change towards a sustainable future. This aligns with our work adapting to demographic change.

Through our independence, expertise, and commitment to the highest standards, we help organisations across all sectors strengthen their governance frameworks. By doing so, we contribute to more resilient, accountable, and sustainable businesses—outcomes that benefit not only our clients but the broader economy and society.

3 ESG Compliance and Transparency

The following section provides detailed data supporting our ESG commitments.

Task Force on Climate-Related Financial Disclosures ('TCFD')

Law Debenture is not required to provide Climate-related Financial Disclosures in accordance with the Companies Act, nor required to disclose alignment with TCFD recommendations as an investment trust with less than £5bn of Assets Under Management. However, we are sharing voluntary TCFD across 3 of the 11 TCFD Recommendations.

Fully compliant disclosures have been provided in respect of:

- Governance – disclosures a) and b); and
- Risk management – disclosure a).

In addition, we are partially compliant with metrics and targets disclosure b) (disclosures provided are partially compliant because Scope 3 emissions are not yet disclosed).

As part of this exercise to understand climate change materiality risks on our financial statements we have undertaken an assessment and concluded there are no material climate change risks impacting our financial statements.

The Portfolio has no sector exclusions and is not an ESG-focused fund. The Portfolio does not concentrate solely on promoting environmental and/or social characteristics (which must also have good governance practices) and does not have sustainable investment as its principal objective. We do not include ESG terms such as 'responsible', 'ethical', 'climate' or 'social' in the Company name. Our IPS business is a low carbon emitter as shown on page 58 on our Scope 1 and 2 emissions data table, which is very low for an operational business within the FTSE 250 index.

In the table of voluntary TCFD disclosures on pages 60 to 62, we have presented a view of TCFD across the Portfolio and the IPS business for greater transparency, as opposed to a single set of disclosures for the entire Group.

Our investment managers at Janus Henderson manage our Portfolio. Further information on Janus Henderson's TCFD disclosures can be found on its website www.janushenderson.com.

Climate-Related Disclosure and Emerging Standards

Law Debenture currently benefits from the FCA exemption for investment trusts with assets under management below £5bn, which removes the requirement for mandatory TCFD-aligned reporting. However, the UK Government and FCA are consulting on the adoption of IFRS S1 and IFRS S2 as part of the UK Sustainability Reporting Standards (UK SRS) which takes over from FSB TCFD recommendations. At the time of writing, it is unclear whether the existing AUM-based exemption will remain under the new regime. We continue to monitor these developments closely and will adapt our reporting approach as required to ensure compliance with future sustainability disclosure requirements. In the interim we have chosen to retain our existing voluntary TCFD disclosures for consistency.

Environmental, Social and Governance ('ESG') continued

VOLUNTARY TCFD REPORTING

GOVERNANCE

Disclose the Company's governance around climate-related risks and opportunities.

Overview to Governance
The Audit and Risk Committee regularly reviews the ESG Strategy and Implementation Plan (the Plan) for the Group, with further updates on ESG risks and developments being brought to the Audit and Risk Committee at least annually. We will continue to evolve the Plan as the industry matures, based on feedback from the Audit and Risk Committee and Board taking into consideration views of key stakeholders such as shareholders and their representatives. During the year, periodic updates on climate related risks to the financial statements and horizon scanning are brought to the Audit and Risk Committee for discussion.

Law Debenture does not currently have climate-related goals and targets because it is not an ESG fund. The IPS business is a low direct carbon emitter, see page 58. The Board plans to revisit climate-related goals when TCFD reporting becomes mandatory for investment trusts of our size.

Portfolio	IPS Business
Within the Portfolio, climate-related risks and opportunities are assessed where they are considered to be material to the investment rationale, refer to "ESG Considerations when investing" on page 54 for further information. This assessment is alongside the fundamental research that is integral to the investment process. There are no sector exclusions in the Portfolio. Instead, the focus is on active engagement with companies in order to better understand how climate risks and opportunities are managed. Interactions and engagements with companies are reported to the Board on a quarterly basis. These discussions can take place either directly via the investment managers or via Janus Henderson's Governance and Stewardship team.	Climate-related risks and opportunities are overseen by our ESG Committee. The ESG Committee is made up of a cross-functional mix of Law Debenture employees to drive, create and review Law Debenture's ESG policies for approval by Executive Leadership and the Audit and Risk Committee. Climate-related risks are also considered as part of our ESG risk management procedures. In accordance with the Group's policy for identifying risks and opportunities, risks are identified through a "bottom up" approach by Business Units and central functions, including the Shared Services Centre. These are documented, assessed and monitored in Business Unit risk registers or via the ESG Committee which oversees the TCFD disclosures and impacts.

STRATEGY

Disclose the actual and potential impacts of climate-related risks and opportunities on the Company's businesses, strategy, and financial planning where such information is material.

Overview to Strategy
In undergoing our financial planning, no climate-related impact to our balance sheet or income statement is expected at present and therefore no financial adjustments are required. This will be reviewed on a periodic basis by the Executive Leadership team and the Audit and Risk Committee.

Portfolio	IPS Business
Our objective is to achieve long-term capital growth in real terms and steadily increasing income. The aim is to achieve a higher rate of total return than the FTSE Actuaries All Share Index through investing in a diversified portfolio of stocks. There are no specific ESG or carbon-related targets. The investment managers seek to identify material risks and opportunities relevant to each investment case over a variety of time horizons as per their investment decisions. The need to decarbonise the global economy over the long term presents potential investment opportunities. For example, industrial gas company Air Products & Chemicals and sustainable technology company Johnson Matthey have the potential to benefit from the need to decarbonise. We continue to invest in early-stage companies, Ceres Power, AFC Energy and ITM, who are developing and manufacturing technologies that could benefit from decarbonsation trends over the longer term. The investment managers report to the Board on ESG related considerations as part of their regular updates.	We are a minor Scope 2 emitter, from the energy consumed in the organisation via our offices. Our head offices use green energy from 100% renewable energy sources. Legislative change in relation to carbon, including reporting requirements and taxation implications poses an immaterial yet emerging risk to our business along with others in the marketplace and we must ensure we are able to meet such reporting requirements.

Environmental, Social and Governance ('ESG') continued

RISK MANAGEMENT

Disclose how the Company identifies, assesses, and manages climate-related risks.

Overview to Risk Management
Our approach to the identification and assessment of risk management includes a review of climate-related risks that are reported to the Audit and Risk Committee annually, most recently in December 2025. We have assessed the impact of climate change on the financial statements of the Group and concluded that presently there are no adjustments required to the financial statements.

We consider climate risk for the Group to be low and it is not considered to be a principal risk under the Group's scoring assessment of principal risks in Risk Management on pages 45 to 46. ESG climate regulatory reporting requirements remain an emerging risk and we will continue to review this on a regular basis.

Portfolio	IPS Business
Climate-related risks within the Portfolio are predominantly assessed through investment analysis. This includes scheduled company reporting, meetings with company management and access to third-party research. Where appropriate we engage with company management in order to increase climate disclosures and to set clear and measurable greenhouse gas reduction targets.	Climate considerations are reviewed at an operational level where feasible. The majority of direct carbon and energy usage is via the office locations. There has been an active decision to move into sustainable premises for our two largest offices, the London head office and Manchester site (c.80% employees), which are both sustainable BREEAM offices. There have been no IPS assets impaired because of climate-related physical risks.

METRICS AND TARGETS

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.

Overview to Metrics and Targets
As the direct climate risk for Law Debenture is low, it has been decided not to accelerate the implementation of metrics or setting of targets. During the year, we undertook an assessment on calculating Scope 3 emissions across the Group and have decided not to publish Scope 3 emissions given that a) we are not an ESG fund, and b) due to the highly complex and costly barriers to entry in calculating this metric in the operational IPS business.

Portfolio	IPS Business
There are currently no KPIs to assess climate-related risks that are applied to the Portfolio in aggregate.	Our current reporting metric is Scope 1 and 2 carbon emissions, which we publish on page 58 using the Greenhouse Gas Protocol.

This report was approved by the Board of Directors on 10 March 2026 and signed on its behalf by:

Law Debenture Corporate Services Limited
Company Secretary

Jayne Howell
'Camel Refuelling'

The Board and Executive Leadership

Robert Hingley (N)(R) Board Chair, Independent Non-Executive Director

Appointed to the Board on 1 October 2017 and appointed Chair 11 April 2018.

Experience: A corporate financier with over 30 years' experience, Robert was a partner at Ondra LLP until October 2017. From 2010 until 2015, he was a Managing Director, and later Senior Advisor, at Lazard. He was previously Director-General of The Takeover Panel from 2007, on secondment from Lexicon Partners, where he was Vice Chairman. Prior to joining Lexicon Partners in 2005, he was Co-Head of the Global Financial Institutions Group and Head of German Investment Banking at Citigroup Global Capital Markets, which acquired the investment banking business of Schroders in 2000. He joined Schroders in 1985 after having qualified as a solicitor with Clifford Chance in 1984.

Skills and Contribution: Strategy, Corporate Finance, Corporate Governance and Mergers and Acquisition.

External Appointments: Robert is currently the chairman of Phoenix Spree Deutschland Limited, Euroclear UK and International Limited and Marathon Asset Management Limited. He is also a member of the Takeover Panel.

Denis Jackson Chief Executive Officer (CEO)

Appointed to the Board on 1 January 2018.

Experience: Denis joined Law Debenture in July 2017 as Chief Commercial Officer. Previously he was at Capita plc as director of new business enterprise, having been a director at Throgmorton UK Limited (which Capita acquired). Prior to that, Denis was regional general manager – Europe and the United States – for Tibra Trading Europe Limited, a FCA regulated proprietary trading company, which he joined from Citigroup (formerly Salomon Brothers). He spent almost 20 years there in a variety of roles including in Treasury (both in New York and London), as Head of the Finance Desk in Hong Kong, Head of Fixed Income Prime Brokerage in New York and ultimately, Head of EMEA Prime Brokerage Sales.

Skills and Contribution: Strategy, Commerce, Corporate Finance and Governance, Operational and Transactional leadership in regional organisations.

Trish Houston Chief Operating Officer (COO)

Appointed to the Board on 2 September 2020.

Experience: Trish brings over 25 years of experience spanning professional services and financial services, with a career focused on operational leadership, strategic transformation and people-led growth. At JDX Consulting, as a member of the senior management team, she led the integration of three businesses and managed two rounds of private equity sales, while holding executive responsibility for the firm's operational and organisational functions. Prior to that, Trish was a Partner at Ruffer LLP, where she held senior leadership roles in Finance, Risk and HR. Earlier in her career, she was a member of the asset management team at PricewaterhouseCoopers LLP, with experience across private equity and structured finance, and worked in their UK, Australian and Swiss offices.

Skills and Contribution: Strategy, Operational Leadership, Organisational Transformation and Human Capital. Trish is a Chartered Accountant and a Member of the Chartered Institute for Securities & Investment. She has pursued continuous executive development throughout her career, completing the Leading Change and Organisational Renewal programme at Stanford Business School and, most recently, the Senior Executive Programme at London Business School, for which she was awarded a full scholarship.

Clare Askem (A)(R)(N) Senior Independent Director, Workforce Engagement and Whistleblowing Champion

Appointed to the Board on 10 June 2021.

Experience: Clare has extensive background in strategic development and in-depth experience in business change and digital transformation. Previously, Clare was managing director of Habitat at Sainsbury plc and was a director on the Sainsbury's Argos operating board. Prior to her role at Habitat, she held a number of executive positions at Home Retail Group plc including director of strategic development, chair of the group's technology committee and director on the operating board for Homebase. Prior to these roles, Clare also held other executive positions at Dixons Carphone plc.

Skills and Contribution: Strategy, Corporate Transactions and Digital Marketing and Distribution.

External Appointments: Clare is a non-executive director of IG Design Group plc.

Key

Ⓐ Audit and Risk Committee Ⓡ Remuneration Committee Ⓝ Nomination Committee ● Committee Chair

Pars Purewal ●ⓇⓃ Independent Non-Executive Director
Appointed to the Board on 16 December 2021.

Experience: After a career spanning more than thirty-five years, Pars retired as a senior partner of PricewaterhouseCoopers (PwC) in June 2019. His experience included being PwC's UK Asset Management leader for ten years and finance partner for both asset and wealth management. He was also chair of the Audit Committee of both Brewin Dolphin Holdings PLC and Federated Hermes International.

Skills and Contribution: In depth knowledge of the Financial Services Sector, Auditing and Accounting, Fund Management, Risk Management and Compliance.

External Appointments: Pars is currently a Fellow of the ICAEW, Chairman of Finsbury Growth & Income Trust PLC and Royal London Asset Management Holdings Limited, and is a non-executive director of Royal London Mutual Insurance Limited.

Maarten Slendebroek ⒶⓇ Independent Non-Executive Director
Appointed to the Board on 11 January 2024.

Experience: Maarten has over 35 years of investment management experience and extensive knowledge in strategic development having previously worked as distribution and strategy director and later CEO of Jupiter Fund Management plc until November 2019. Before then he was managing director and head of international retail at BlackRock for over 18 years.

Skills and Contribution: In depth knowledge of the Financial Services Sector, Fund and Investment Management, Strategic Development and Governance.

External Appointments: Maarten is currently the chairman of the supervisory board at Robeco (Rotterdam), Mintus Group and Brooks Macdonald Group plc. He also serves on the board of trustees for the Orchestra of the Age of Enlightenment Trust.

Claire Finn ●ⒶⓃ Independent Non-Executive Director
Appointed to the Board on 2 September 2019.

Experience: Claire has over 25 years experience in financial services, predominantly asset management. She transitioned to a career as a portfolio Non-Executive Director in 2019. In her executive career, Claire worked at Tokyo-Mitsubishi Bank, Henderson Global Investors, and latterly at Blackrock, where she spent almost 13 years, rising to become managing director and head of UK DC, Unit Linked and Platforms, responsible for strategy, innovation and growth.

Skills and Contribution: Investment Management, Distribution to retail and institutional investors, Strategic Innovation and Growth in the UK asset management, pensions and insurance industries and Corporate Governance.

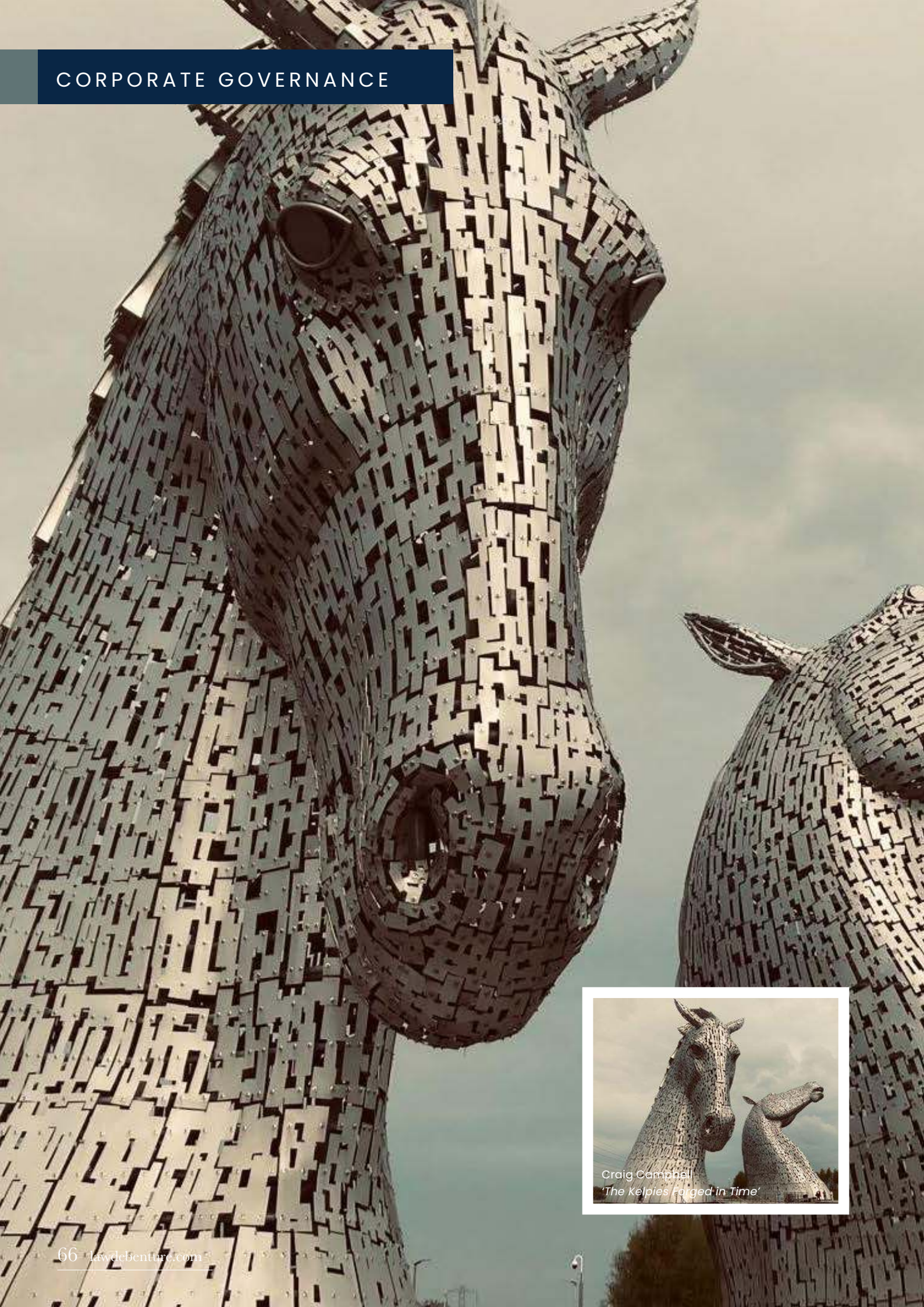
External Appointments: Claire is the chair of UBS Asset Management Life Limited and a non-executive director of Artemis Fund Managers Limited, Sparrows Capital Limited and Baillie Gifford Shin Nippon Public Limited Company.

Executive leadership

The CFO and CTO join the CEO and COO to form the Executive Leadership team.

Isla Pickering
Chief Financial Officer (CFO)

Spencer Knightsbridge
Chief Technology Officer (CTO)



Craig Campbell
'The Kelpies Forged in Time'

Directors' Report

The Directors present their Annual Report and the audited financial statements for the year ended 31 December 2025. The Company operates as an investment trust in accordance with sections 1158-1159 of the Corporation Tax Act 2010 as amended ('CTA 2010') and has been approved as such by HM Revenue & Customs. In the opinion of the Directors, the Company has conducted its affairs so as to enable it to continue to be an approved investment trust under the CTA 2010. The Company, which is not a close company, is registered as an investment company as defined in section 833 of the Companies Act 2006 and operates as such. The Directors consider that the Group operates as a going concern.

The Corporate Governance report forms part of the Directors' Report.

Essential contracts

In the view of the Board, the only contract that is essential to the business of the Group is the investment management agreement with Janus Henderson, details of which are set out in the Strategic Report on page 37. Please refer to Section 172(1) statement on page 50 for further details on principal service providers including the depositary, custodian, corporate brokers and registrar.

Financial instruments

The Company's financial instruments, financial risk management objectives and policies arising from its financial instruments and its exposure to risk are disclosed in note 19 to the Accounts.

Revenue, dividends and reserves

The Group statutory revenue return attributable to shareholders for the year ended 31 December 2025 was 37.26 pence per share. The Directors recommend a final dividend of 10.375 pence per share, which, together with the three interim dividends of 25.125 pence paid in each of July and October 2025 and January 2026, will produce a total of 35.5 pence per share if approved by shareholders at the AGM (2024: 33.5 pence). The final dividend will be paid on 29 April 2026 to holders on the register on the record date as at 20 March 2026. After deduction of the interim and 2024 final dividends of £45.6m (Restated 2024: £43.0m) and share premium cancellation (£119.7m), consolidated revenue reserves increased by £124.2m (Restated 2024: increased by £2.9m).

Directors

The Directors at the date of this report are listed on pages 64 and 65. All Directors held office throughout the year.

All Directors are required to stand for re-election every year (or election at the next AGM following appointment). The list of candidates, which the Board supports, is set out in the Notice of AGM. The particular skills and experience that each Director contributes to the long-term sustainable success of the Company and the Group may be found on pages 64 and 65.

Directors' conflicts of interests

The Directors have a statutory duty to avoid conflicts of interest. The Board has in place appropriate procedures to deal with conflicts and potential conflicts, including an annual review, and can confirm that those procedures are operating effectively. Whether any new conflicts are to be declared is also considered at each Board meeting. Each Director has declared all matters that might give rise to a potential conflict of interest and these have been considered and, where necessary, approved by the Board.

Future developments

Details of future developments are disclosed in the Chairman's statement on page 10 and the Chief Executive Officer's review on page 19 in the Strategic Report.

Regulatory obligations

The Company is subject to continuing obligations applicable to premium listed companies, overseen by the FCA.

Information required to be disclosed in accordance with UK Listing Rule 6.6.4 is included as referenced below:

Rule	Detail	Where
6.6.1 (1)	Interest capitalised	Note 5, page 139
6.6.1 (6)	Allotment of equity securities	Note 17, page 150
6.6.1 (2-5) (7-13)	n/a	n/a

Under the Alternative Investment Fund Managers Directive ('AIFMD') the Company is required to appoint an "Alternative Investment Fund Manager" ('AIFM'), which must be appropriately regulated by the FCA. The Company has elected to be its own AIFM.

The AIFM is required to provide portfolio management, risk management, administration, accounting and company secretarial services to the Company. All of these functions, barring portfolio management which continues to be delegated to Janus Henderson, are undertaken by the Company. The Company has appointed NatWest Trustee and Depositary Services Limited, as depositary under Article 36 of the AIFMD. A fee is payable for this service, being 0.0125% per annum of the calculated monthly NAV. As part of its duties, the depositary is responsible for custody of the Company's Portfolio assets, and has appointed HSBC Bank plc (which has been the Company's custodian for many years) as sub-custodian.

AIFMs are obliged to publish certain information for investors and prospective investors and that information may be found either in this Annual Report or on the Company's website at https://www.lawdebenture.com/investment-trust/corporate-governance#the-alternative-investment-fund-managers-directive-(aifmd).

The AIFMD requires us to report on 'leverage'. This is slightly different from gearing (refer to page 168), leverage being any method of borrowing that increases the Company's exposure, including the

Directors' Report continued

borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its NAV and must be calculated on a 'gross' and a 'commitment' method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other. At 31 December 2025, the leverage calculated under the gross method was 1.14, and under the commitment method was 1.17.

ESG considerations

The Group gives ongoing consideration to ESG factors in both the management of the Portfolio and the IPS business. This is reflected throughout the Strategic Report on pages 8 to 62.

Our energy and carbon emissions are reported in the ESG section on page 58.

Repurchase and issue of shares

At the 2025 AGM, the Directors were given power to buy back up to 19,876,103 ordinary shares or, if less, the number of shares equal to 14.99% of the Company's issued share capital at that date. During the year, the Company did not repurchase any of its shares for cancellation. This authority will expire at the 2026 AGM. The Company intends to seek shareholder approval to renew its powers to repurchase shares for cancellation up to 14.99% of the Company's issued share capital if circumstances are appropriate, at the 2026 AGM.

The Directors were also given power to allot up to 26,519,150 ordinary shares at the 2025 AGM. From the 2025 AGM to 9 March 2026 the Company issued a total of 1,300,324 ordinary shares under its share issuance programme and its SAYE scheme. The authority will expire at the 2026 AGM at which the Company intends to seek shareholder approval to renew its powers to issue shares up to 20% of the Company's share capital in issue at 9 March 2026.

Donations

The Company made charitable donations totalling £1,200 (2024: £1,750 to Place2Be) to Mind Mental Health Charity, Marie Curie and Samaritans. The Company did not make any political donations (2024: £nil).

Share capital and significant shareholdings

The Company's share capital is made up of ordinary shares with a nominal value of 5 pence each. The voting rights of the shares on a poll are one vote for every share held. There are no restrictions on the transfer of the Company's ordinary shares or voting rights and no shares which carry specific rights with regard to the control of the Company. There are no other classes of share capital and none of the Company's issued shares are held in treasury. As at 31 December 2025, there were 133,921,079 ordinary shares in issue with 133,921,079 voting rights. Note 17 includes details of share capital changes in the year.

As at 31 December 2025, there were no shareholders that had notified the Company of a beneficial interest of 3% or more of the issued share capital. Additionally, no such disclosures had been made to the Company as at 10 March 2026. Share information as required by section 992 of the Companies Act 2006 appears at pages 37 and 150.

Workforce engagement

Clare Askem is our Workforce Engagement Director. Some of her responsibilities include:

- Being available to employees to discuss their views on working conditions and other relevant work-related matters or concerns.
- Understanding and interpreting the views of the workforce.
- Reporting the views of the workforce to the Executive Leadership team and the Board.
- Agreeing an annual calendar of engagement events with the Group Company Secretary.
- Providing feedback on existing workforce engagement mechanisms.

Further details regarding the workforce engagement that was conducted during the year as well as a review of the effectiveness of our workforce engagement mechanisms can be found in the Section 172(1) Statement on page 48.

Disability statement

We have policies in place to ensure that full and fair consideration is given to applications for employment from disabled persons, where they are able to adequately fulfill the role requirement.

Whilst we endeavour to build our workforce from within, we also recognise the benefit of introducing new talent into our organisation and sometimes need to look externally for strong talent. We search for candidates through a number of different avenues, which allows us access to a more diverse candidate pool. One of our key criteria when selecting our recruiting partners is to ensure our values are aligned. We also actively review recruitment procedures on a regular basis to encourage applications from and the employment of, persons with disabilities.

We are committed to promoting equal opportunities for colleagues with disabilities and we continue to review our policies and practices to ensure that persons with a disability do not encounter obstacles or discrimination throughout the application, training, promotion and career development stages. Wherever possible we will retain the services of a colleague who is or becomes disabled, including retraining and/or redeployment where reasonable and practical. 7.2% of our colleagues have declared a disability.

Directors' Report continued

Shareholder relations

The Board encourages communication with shareholders on matters of mutual interest throughout the year. The Executive Leadership team has primary responsibility for managing regular and effective communications with analysts and institutional investors on various matters such as operational, financial performance and strategy. The Board and Committee Chairs are also available upon request to meet with shareholders and they ensure that the Board/Committee as a whole have a clear understanding of investors' views, taking these into consideration when making decisions, as appropriate.

The Board recognises the value of the AGM as an opportunity to communicate with shareholders and encourages their participation. Separate resolutions are put to the AGM on each issue. The number of votes lodged for and against each resolution and the number of votes withheld are published immediately after the AGM to the London Stock Exchange and on the Company's website.

In April 2025, the Board was pleased to have been able to engage with shareholders in person during and after its AGM. Shareholders engaged with us on the growth prospects of certain portfolio companies, the macroeconomic conditions at the time, potential investment opportunities, the state of the UK market given increasing trends towards the United States, monitoring the current portfolio rationale for remaining UK-centric, our holdings in smaller and de-listed companies and borrowing limits. We also published a video recording of our AGM, in addition to the PowerPoint presentation, on our website for year-round access.

In line with governance recommendations, if 20% or more of the votes cast were against any Board resolution, the Company would announce the actions it intended to take including consultation with shareholders and a summary on the outcome of those discussions. The Board confirms that none of the resolutions put to shareholders at the AGM in 2025 received more than 20% votes against, of the votes cast.

Shareholders are sent a copy of the Annual Report, which includes our Notice of AGM, at least 21 clear days before the AGM. The Company also provides this service to shareholders in nominee companies where the nominee has made appropriate arrangements. Details of the 2026 AGM are set out on pages 174 to 175.

The Company is within scope of the Consumer Duty regulations. An Assessment of Value and Consumer Duty report, which assesses whether the Company's shares provide value to its retail shareholders, is presented annually to the Board for approval. This assessment also includes a summary of all shareholder communications and any complaints received during the year, as well as a review of the Company's shareholder engagement policy and target market assessment.

The Company's website has a dedicated shareholder information section, which includes all Regulatory News Service announcements, our monthly factsheets about the Portfolio's performance, a financial calendar, previous annual and half-yearly reports and other important shareholder information are available for download.

Other engagement activities undertaken during 2025 may be found on page 49 and 50 of the Section 172(1) Statement.

Other stakeholder relations

Day-to-day relationships with the Company's key stakeholders are managed by the Executive Leadership team, the Group Company Secretary and IPS Business Heads and where appropriate, their activities are reported to the Board. The Board, directly or through its Committees, engages or oversees engagement.

The Board is given the opportunity to interact with stakeholders at employee, client and investor focused events held throughout the year. Further details may be found in the Section 172(1) Statement found on page 49.

Investment managers – interests held

Laura Foll held 13,650 shares in the Company as at 31 December 2025 (2024: 13,650). James Henderson did not have a beneficial interest as at 31 December 2025 (2024: nil), although persons connected to him had an interest of 134,000 shares (2024: 134,000 shares). In addition, a charity with which James Henderson has non-beneficial connections owns 117,000 shares (2024: 117,000 shares).

The Company holds no shares in the Janus Henderson Group or their products. It has been notified that funds managed by members of the Janus Henderson Group held 49,309 shares in the Company as at 31 December 2025 (2024: 50,951 shares).

Employee participation/issue of shares

Employees are informed of the financial aspects of the Group's performance through regular all staff calls and periodic management meetings. As with all our shareholders, employees are able to view the Annual Report online or can request a physical copy. Bi-annual updates, for all staff, on our financial performance are also held. The Company operates a SAYE scheme in which all UK established or resident employees are eligible to participate after completing a minimum service requirement.

Options outstanding under the SAYE scheme as at 31 December 2025 were:

Date of grant	Number of option holders	Shares under option	Exercise price
26 August 2020	**11**	**1,113**	**539.00p**
1 September 2021	**20**	**29,763**	**778.00p**
8 September 2022	**16**	**19,984**	**781.00p**
11 September 2023	**23**	**31,837**	**775.00p**
11 September 2024	**18**	**14,741**	**897.00p**
11 September 2025	**24**	**22,566**	**1,016.00p**

Employees are invited to participate in our SAYE scheme annually, where they are given the opportunity to save up to £500 each month for a period of five years. After five years, employees may either withdraw their savings and not buy any of the Company's

Directors' Report continued

shares or exercise the right to purchase shares at a price that is fixed at the date they entered into the scheme.

Directors' responsibility for financial reporting

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and other applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss for the Group for that period. The Directors are also required to prepare financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In preparing these financial statements, IAS1 requires the Directors:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- state whether they have been prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business; and
- prepare a Directors' Report, a Strategic Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time, the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the financial statements, article 4 of the IAS Regulation.

They are also responsible for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Annual Report and financial statements, taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Website publication

The Directors are responsible for ensuring the Company's Annual Report and the financial statements are made available on a website. Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report. Directors' and Officers' liability insurance cover is also in place in respect of the Directors. The Company has made qualifying third party indemnity provisions for the benefit of its Directors and directors of its wholly owned subsidiaries, and these remain in force at the date of this report.

Directors' Report continued

Directors' responsibility statement pursuant to DTR4

The Directors confirm to the best of their knowledge that:

- the financial statements have been prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Group, together with a description of the principal risks and uncertainties that they face.

Auditors

In the case of each Director in office at the date the Directors' Report is approved:

- so far as each Director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

This report was approved by the Board of Directors on 10 March 2026 and signed on its behalf by:

Robert Hingley
Chair of the Board

Dean Tillinghast
'Japanese castle in blossom'

Corporate Governance Report

Corporate governance

The Directors are required to report on how the Company has applied the main and supporting principles in the UK Corporate Governance Code ('the Code'), and to confirm that it has complied with the Code's provisions or, where this has not been the case, to provide an explanation. This report relates to the Code as published in January 2024, a copy of which may be obtained by visiting www.frc.org.uk. The Financial Reporting Council ('FRC') has recognised that the Board structure of investment companies, such as Law Debenture, might affect the relevance of some of the provisions of the Code. The Company has therefore considered the provisions of the Code that are applicable to it as a FTSE 250 listed investment company. This corporate governance statement forms part of the Directors' Report and should be read in conjunction with the Strategic Report on page 8 to 62.

The Board has concluded that, as demonstrated by the disclosures made throughout the Strategic and Directors' Reports, the Company has complied with all of the requirements applicable to it under the Code.

The Company continues to work on enhanced monitoring and review processes with a view to complying with provision 29 (which companies need to comply with for financial years commencing on or after 1 January 2026). Further details can be found on page 80.

The Board – role and modus operandi

The names and biographies of the Directors at the date of this report are on page 64 and 65 of the Annual Report.

The Board is responsible for the overall strategy and management of the Group, setting investment strategy and ensuring that the Company is operating in compliance with statutory and legal obligations. There is a formal schedule of matters specifically reserved for Board decision, published on the Company's website (https://www.lawdebenture.com/investment-trust/ corporate-governance#matters-reserved-for-the-board). Matters connected with strategy and management, structure and capital, financial reporting and control, the Portfolio, contracts, stakeholder engagement and shareholder communication, Board membership and other appointments, remuneration and corporate governance are reserved for the Board.

In discharging its responsibilities, the Board takes account of the Group's purpose, values and culture, aiming to promote enhanced value for shareholders in both capital and income terms and contributing to wider society where possible. The Board sets a cultural tone that encourages openness, diversity and attention to the needs and views of shareholders and those who transact with us through our IPS business. They ensure that both themselves and all staff act with integrity, lead by example and promote the Group's culture. The Board Chair also ensures that the interests of the Company's institutional and retail shareholders are tabled for discussion, to further the Board's understanding of their views and to garner responses, where appropriate.

The Board operates as a collective decision-making forum. Individual Directors are required to scrutinise reports produced by the Executive Leadership team and are encouraged to debate issues in an open and constructive manner. Where appropriate, the Board Chair also holds meetings with the Non-Executive Directors without the Executive Directors present and vice versa.

Procedures are in place to enable independent professional advice to be taken by individual Directors at the Company's expense.

The Board regularly discuss the necessary resources in place to meet the investment objective and measure performance regularly.

The Board regularly considers the view of shareholders and stakeholders as outlined in the S172 Statement on page 48.

The process for the appointment of Directors is set out in the Nomination Committee report on page 76. The Company may amend its Articles of Association by special resolution at a general meeting of its shareholders, at which at least 75% of the votes cast must be in favour of the resolution.

The Board meets regularly throughout the year. The attendance records of the Directors at scheduled Board and Committee meetings during 2025 are set out in the table below:

	Board	Remuneration Committee	Audit and Risk Committee	Nomination Committee
Number of Meetings	6	7	7	2
Denis Jackson	6	n/a	n/a	n/a
Trish Houston	5^	n/a	n/a	n/a
Robert Hingley	6	7	n/a	2
Pars Purewal	6	7	7	2
Claire Finn	6	7	6*	2
Clare Askem	6	7	7	2
Maarten Slendebroek	6	7	7	2

** Claire Finn did not attend one Audit and Risk Committee meeting due to a personal bereavement.*
^ Trish Houston did not attend one Board meeting due to attending the London Business School's Executive Programme. Further details can be found on page 57.

Corporate Governance Report continued

DIVISION OF RESPONSIBILITIES	
Board Chair	The Chair is responsible for the leadership and overall effectiveness of the Board and individual Directors. He sets the agenda for each meeting with the support of the Group Company Secretary. The Chair manages the meeting timetable, promotes open and effective discussion and challenge at meetings, and creates an environment in which all participants feel comfortable to share their views. He is also responsible for ensuring that shareholders' views are understood by the Board as a whole.
Senior Independent Director ('SID')	The SID provides a sounding board for the Chair and, if necessary, acts as an intermediary for the other Non-Executive Directors. The SID is also available for communication with shareholders where normal lines of communication via the Chair, CEO or COO are not successful or where it is considered more appropriate. The SID also leads the annual appraisal of the Chair and an orderly succession process for the Chair, working closely with the Nomination Committee in both cases.
Executive Directors	The Executive Directors are responsible for the leadership and management of the business within the scope of the authorities delegated by the Board. They must exercise those authorities to achieve the strategic objectives set by the Board, implement Board decisions and ensure that the Group complies with all of its regulatory and legal obligations. The Executive Directors are also responsible for communicating the views of the Executive leadership and Operational leadership teams on business issues to the Non-Executive Directors of the Board.
Non-Executive Directors	The Non-Executive Directors help to set the strategy for the business, offer specialist advice, constructively challenge the Executive Directors and scrutinise the performance of the Executive Directors in relation to the delivery of that strategy and their personal objectives, the implementation of Board decisions and compliance with the Group's regulatory and legal obligations.

The Board – independence

At least half of the Board, excluding the Chair, must be independent Non-Executive Directors ('NEDs'). The Board can confirm that, as at the date of this report, excluding the Chair, four of the six other Directors are independent NEDs. In assessing Directors' independence, the Board takes into account their tenure on the Board, whether or not a Director is independent of management, and any material business or other relationship that could affect or interfere with the exercise of objective judgement by the Director, or his/her ability to act in the best interests of the Group. The Board is also satisfied that each Director dedicates sufficient time to Law Debenture, and that none of the Directors is 'overboarded' (having five or more listed company roles). When assessing time commitment, the Board takes into account Directors' private company and pro-bono roles. The contribution made by each Director to the Company's and Group's long-term success, is described on pages 64 and 65 of the Annual Report.

The Chair, Robert Hingley, was independent at appointment and continued to be independent throughout the period, in the view of the Board, having no current or previous connections with the Company or any of its subsidiaries.

The Board is satisfied that Robert Hingley's other commitments do not interfere with the discharge of his responsibilities to Law Debenture, and that he dedicates sufficient time to discharge his duties as Chair.

Similarly, the Board is satisfied that Pars Purewal, Claire Finn, Clare Askem and Maarten Slendebroek were independent at their respective dates of appointment and that they have remained independent, having no previous connection with the Company or any of its subsidiaries.

Denis Jackson and Trish Houston, as Executive Directors, are not independent.

Clare Askem as the SID is available to shareholders who have concerns that cannot be addressed through the Chair, CEO or COO.

Directors' remuneration

Details of the Directors' remuneration appear in the Directors' Remuneration Report on pages 85 to 110.

Board committees

The Board has established Nomination, Audit and Risk and Remuneration Committees, to each of which it has delegated certain responsibilities. Each Committee has terms of reference, which are reviewed annually and published on the Company's website (www.lawdebenture.com/investment-trust/corporate-governance). Membership of the Committees is also reviewed annually. Taking account of the position of the Company as an investment trust, the Board is deliberately kept small and it believes

Corporate Governance Report continued

this is in the best interests of shareholders. The Board remains satisfied that its composition and size is sufficient to ensure that the requirements of the business can be met.

The membership of the Board and its Committees are fully compliant with Code stipulations. Reports with respect to each of the Committees may be found on pages 76, 80 and 85.

The Board does not operate a Management Engagement Committee; the duties of such a committee are undertaken directly by the Board.

Accountability and audit, fair balanced and understandable reporting and going concern

The statement of Directors' responsibilities in relation to the financial statements appears on page 70. The independent auditors' report appears on pages 112 to 121. The Directors confirm that the Group and Company are a going concern as evidenced by the financial statements, which demonstrate a healthy position, taking into account all known and future anticipated liabilities, and the Group's ability to meet those liabilities. The performance metrics of the Group remain strong. There are no material uncertainties that call into question the Company's ability to continue to be a going concern for at least 12 months from the date of approval of the financial statements. The Directors therefore consider it appropriate to adopt a going concern basis in preparing the financial statements. Refer to the Going Concern Statement on page 129.

The Audit and Risk Committee has concluded, and the Board concurs, that the financial statements present a fair, balanced and understandable assessment of the financial position and prospects of the Company and the Group. The financial statements are reviewed by the Audit and Risk Committee, approved by the Board and signed by the Chair and CEO. In the opinion of the Board, the Annual Report, taken as a whole is fair, balanced and understandable and provides the necessary information for shareholders to assess the Company's and Group's position and performance, business model and strategy.

Internal controls and risk management systems

The framework of internal controls underpins the Company's risk management framework, enabling it to operate within the desired risk appetite. The following paragraphs provide a description of the main features of the internal control and risk management systems in relation to the financial reporting process, which fulfil the obligations of the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting and the Financial Conduct Authority's ('FCA') Disclosure Guidance and Transparency Rules. This section should be read in conjunction with the Strategic Report, which sets out how the Directors manage or mitigate the principal risks relating to the Group's business.

The Board monitors the effectiveness of internal controls on a continuous basis to ensure that internal control and risk mitigation is incorporated into the day-to-day management of the organisation, both directly through main Board general reviews and by the more specific work carried out by the Audit and Risk Committee. The annual internal audit programme and system of compliance checks have both been developed using a risk-based methodology and an evaluation of the existing process controls. Other mechanisms in place to monitor risk include:

- Board review of the Group's matrix of key risks and controls managed by the Group Risk function, reporting to an Executive Risk Committee;
- an outsourced internal audit function, overseen by the Audit and Risk Committee, which involves business departments and business wide processes (including overseas offices) being subject to audit on a regular basis;
- testing of the FCA regulated business' systems and controls;
- testing of the Company's compliance with its AIFMD obligations;
- review of reports by the depositary and the sub-custodian, including any ISAE 3402 auditor reports and bridging letters provided;
- periodic reports to the Board by Legal and the Company Secretary about legal and regulatory changes, and the steps that the Board must take to comply; and
- review of the reports produced by the external auditors on their annual audit work.

The Board considers that the above measures constitute the continuing application of the FRC risk guidance and form an important management tool in the monitoring and control of the Group's operational risks.

An important element of the overall controls remains a continuous review of the quality and effectiveness of internal financial controls of the Group. The Board requires that the Group maintains proper accounting records, so that it can rely on the financial information it receives to make appropriate business decisions and also that the Group's assets are safeguarded. This includes having data that allows the Board to consider country and currency exposure and potential impairment of assets (both financial and non-financial).

Key elements of the systems of internal control continue to be:

- regular qualitative self-assessment of the effectiveness of the individual controls maintained in the overall internal financial control framework; preparation by management of a comprehensive and detailed budget, involving annual Board approval and comparison at Board level of actual results with budgets and forecasts at every meeting;
- systematic reporting to the Board of matters relating to litigation, insurance, pensions, taxation, accounting, counterparty risk and cash management as well as legal, compliance and company secretarial issues;

- review of internal audit reports by the Executive Risk Committee and the Audit and Risk Committee;
- review of the internal controls of those services, such as investment management, which have been delegated to third parties. This review was conducted during the initial contractual negotiations and on a regular basis, including regular discussions with the senior management and compliance staff of Janus Henderson, and the performance of an on-site independent review of operational controls;
- monitoring by the Board of the investment management process, including the establishment and maintenance of investment guidelines, receiving a report from the investment managers on a quarterly basis, the review of all transactions with the investment managers and regular reconciliations of the records of the Group with those of the depositary and sub-custodian; and
- receipt of frequent and detailed reports about the performance of the IPS business, including the overseas subsidiaries.

The systems of internal financial control are designed to provide reasonable assurance against material misstatement or loss.

By means of the procedures set out above, the Directors have established a robust process for identifying, evaluating and monitoring the effectiveness of the internal control systems for the period. This process has been in place throughout 2025 and is reviewed by the Board on a regular basis.

We have a robust whistleblowing procedure which allows people to raise concerns under the Public Interest Disclosure Act 1998 about possible improprieties in matters of financial reporting or other matters. Any concerns which are raised will be subject to proportionate investigation, with appropriate follow up action as per the policy. There is a clearly defined reporting structure with colleagues having the option to raise any concerns with their line manager, the Head of Legal, Risk and Compliance and Head of HR or if those avenues are not appropriate, to the Workforce Engagement Director. If they do not wish to report to any of these persons for any reason, they may report their concerns using our whistleblowing service provided by Safecall, which is available 24 hours a day. Reports using this channel may be made anonymously. Further details on risk management may be found on pages 42 to 46.

Information about share capital

The information that the Company is required to disclose about its share capital can be found in the Directors' Report (significant holders) on page 68 and Notice of AGM (total voting rights) on page 174.

This report was approved by the Board of Directors on 10 March 2026 and signed on its behalf by:

Law Debenture Corporate Services Limited
Company Secretary

Nomination Committee Report

Annual statement by the Chair of the Nomination Committee

I am pleased to present the Company's Nomination Committee report for the year ending 31 December 2025.

Other than me as Chair, the members of the Committee who served during the year were Maarten Slendebroek, Pars Purewal, Claire Finn and Clare Askem. Details of Committee meetings and attendance can be found on page 72.

Role and duties

The Committee's role is to keep under review the structure, size and composition of the Board and its Committees, to make recommendations to the Board about adjustments that are deemed necessary and to ensure effective succession planning in accordance with legal and corporate governance requirements.

Key duties

- Identification and nomination of suitable candidates to fill Board vacancies, with particular regard for the need to develop a diverse pipeline to the Board and Executive Leadership levels.
- Succession planning for the Board.
- Making recommendations for the election and re-election of Directors.
- Ensuring that the Board and its Committees are constituted to comply so far as practicable with legal and regulatory requirements and the Code.

The Nomination Committee ensures that the Board has in place arrangements for orderly and transparent appointments to the Board. It is the Board's policy that meetings be chaired by a Director other than the Board Chair, when dealing with the appointment of their successor. There are job descriptions in place for NEDs' roles, and the Board has written terms and conditions for such appointments, which will be made available for inspection at the Company's registered office upon request to the Company Secretary, until the conclusion of the 2026 AGM. Particular care is taken to ensure that NEDs are independent, have sufficient time to commit to the duties expected of them and that diversity factors are taken into consideration. No new NED is appointed without first being interviewed by each existing NED and comfort is obtained in relation to their other commitments to ensure they have sufficient time to devote to the role. The Committee considers using open advertising or the services of external search firms to recruit new Directors. Any external search firms used are expected to be a signatory to the standard voluntary code of conduct for executive search firms.

All new Directors undergo an induction process, including meetings with the CEO, COO, CFO, CTO, Head of Legal, Risk and Compliance, each of the Business Heads and the investment manager.

The Board is committed to achieving and maintaining a diverse and inclusive membership to ensure optimal decision-making and to assist in the development and execution of strategy, for the benefit of its shareholders and other key stakeholders. The Board's policies on Diversity and Inclusion and Tenure and Succession Planning both embody this principle, which is considered and applied in the appointment and succession planning processes.

At the date of this report, the Company is compliant with the recommendations under the FTSE Women Leaders and Parker reviews.

Principal activities of the Committee

During the year, the Committee's principal activities included:

- Reviewing the Board's policies on Diversity and Inclusion, Tenure and Succession Planning and Overboarding.
- Reviewing the Board's short, medium and long-term succession plans.
- Discussing the actions from the 2025 internal Board and Committee performance evaluation and monitoring progress on the actions from the 2024 internal Board evaluation.
- Reviewing each of the Directors' independence and time commitments against the overboarding policy.
- Reviewing the composition and constitution of the Board and its Committees.
- Considering and recommending the re-election of each of the Directors to the Board, who have subsequently recommended all of them for shareholder approval at the forthcoming AGM
- Review of our skills matrix and ensuring this covers skillsets for the future.

Nomination Committee Report continued

Board evaluation

Under the UK Corporate Governance Code, it is recommended that companies conduct externally facilitated Board and Committee evaluations every three years. The most recent of these was conducted by the Company in 2023 and therefore an internal Board evaluation was conducted during the reporting period by an internal questionnaire and facilitated by a representative of the corporate secretary.

The evaluation focused on the Board and its Committees' composition, knowledge and behaviours, governance processes and support, work undertaken during 2025 and priorities for 2026. For the Board, the questionnaire also focused on: investment, strategic and governance matters, investor and stakeholder engagement and major decisions taken during the year. The anonymity of responses was guaranteed throughout the process, to promote candid feedback. The results were discussed by the Nomination Committee in September 2025 during which the Directors, led by the SID, in the Board Chair's absence, reviewed the Board Chair's performance over the past year. This was followed by a discussion, led by the Board Chair, with the Non-Executive Directors and Executive Directors as separate groups, in the absence of the other, and finally a full Board discussion. Key actions arising from the 2025 internal evaluation were to:

- ensure sufficient time for NED-only discussions;
- consider a strategy session to better understand the competitive landscape for IPS service offerings;
- review meeting frequency to optimise efficiency whilst ensuring sufficient reflection time.

Actions against each of these recommendations is currently underway. The Board will continue to conduct an externally facilitated performance evaluation every three years, where appropriate, and internal evaluations in the intervening years.

Based on the outcome of the 2025 Board evaluation, following review of time commitments and other appointments against the Overboarding policy, and on the basis that they continued to make valuable contributions and exercise judgement and express opinions in an independent manner, the Board, on the recommendation of the Nomination Committee, has proposed the re-election of all Directors, as set out in the Notice of AGM on pages 174 to 175.

All Directors are submitted for annual re-election, subject to continued satisfactory performance, which is assessed as previously described.

Diversity and inclusion

The Board is committed to achieving the objectives set out in its Diversity and Inclusion Policy, which may be found on our website at https://www.lawdebenture.com/investment-trust/corporate-governance-board-diversity-and-inclusion-policy. Progress against those objectives is set out below.

We are proud of the progress we have made in becoming a more diverse and inclusive Board and workforce, which has resulted in, among other benefits, more independent and diverse thoughts and solutions, greater debate and challenge on pertinent matters and an integrated approach towards continually achieving long-term capital growth in real terms and steadily increasing income for our shareholders.

Whilst we have achieved our diversity targets and those set by the FTSE Women Leaders and Parker Reviews, we will continue to regularly evaluate our culture and composition and make enhancements for the benefit of our shareholders, clients, staff and other key stakeholders, as appropriate. We also review our succession plans at least annually to ensure we have the right persons in place to support the Group in achieving its objectives.

Nomination Committee Report continued

OBJECTIVES	PROGRESS
To continue to adopt a formal, rigorous and transparent process, taking into account diversity and inclusion, when considering the appointment of Directors. The Board is committed to using search firms that access talent from wide and diverse pools and whose values and approach in identifying and proposing suitable candidates are aligned with the Tenure and Succession Planning Policy.	During the year the Board reviewed its Tenure and Succession Planning Policy, to ensure it remained fit for purpose. The policy sets out the procedures for the appointment of new Directors and succession plans for short-term absences in line with governance best practice.
To achieve and maintain the recommendations of the FTSE Women Leaders and Parker Reviews, with respect to gender and ethnic diversity at Board and Committee levels, recognising that unexpected changes in Board composition may result in temporary periods when this balance is not achieved.	As at 31 December 2025, the Company satisfied all recommendations of the FTSE Women Leaders and Parker Reviews, namely: • 43% of the Directors on the Board were female and 57% were male (at least 40% female representation on the Board required). • 40% of the members on the Remuneration and Nomination Committees were female and 60% were male. • There is a 50:50 split between male and female representation on the Audit and Risk Committee. • 50% of the Executive Leadership team are female and 50% male. • One Director on the Board is from an ethnically diverse background (at least one individual on the Board should be from a minority ethnic background). • At the Executive Leadership level, CFO and COO functions of the Company are held by women. • At the Board level, both the COO and SID roles are held by women (at least one of the senior positions on the Board should be held by a woman).
To be kept updated on the Executive Directors' progress in ensuring the proportion of direct reporting roles to the Board and the Executive Leadership team, held by women and persons from ethnically diverse backgrounds, are compliant with the FTSE Women Leaders and Parker Review recommendations.	The Executive Directors present on gender and ethnic diversity across the IPS business regularly. In addition, analyses of employee positions held by women and gender and ethnicity pay gaps across all levels are regularly reviewed, at least annually. Further details can be found in the ESG section of the Strategic Report on page 53.
To continue to facilitate a culture of inclusivity among Board and Committee members and to encourage active contributions from all Directors, recognising that a clear tone and example must be set at Board level.	Following the 2025 internal board evaluation, it was found that the culture and dynamic of the Board, Directors' individual performances and discussions at meetings continued to be effective and in line with the Company's values set out on page 34 of the Strategic Report. In addition it was agreed that all Directors set a clear tone to the business on culture and encourage this to be fully embedded across the business.

This report was approved by the Board of Directors on 10 March 2026 and signed on its behalf by:

Robert Hingley
Chair, Nomination Committee

Alex Ashby
'Cultural Evolution'

Audit and Risk Committee Report

Annual statement by the Chair of the Audit and Risk Committee

2025 has been another transformative year at Law Debenture. The business has continued to grow and the Committee has continued to focus on ensuring that this growth is matched by investment in systems, processes and controls and minimises risk.

As the Group evolves towards a modern control environment, ensuring compliance with provision 29 (Assurance of Controls) of the FRC's UK Corporate Governance Code, the Committee has done a significant amount of work on our risk management framework to understand our material risks and consider the material controls that would mitigate these. As part of this work, we have identified a number of material risks and categorised these into six risk domains. As a result of this work we have concluded that our three principal risks (outlined on pages 45 to 46) remain relevant and appropriate. Work will continue to be undertaken during 2026 to ensure we are in full compliance with provision 29 ahead of the deadline of 31 December 2026.

The Committee continued to review the collection and recoverability of our debtors. We monitored aged debt levels throughout the year and we have been pleased to see that gross trade receivables at year-end have significantly decreased (see note 14 on page 149). During the year there has been a business-wide focus on tightening controls and increasing automation throughout the invoicing process, further recruitment to increase the level of experience within our credit control team and targeted root cause analysis to address client-specific invoicing and recovery issues. We are particularly pleased with the progress made in this area during the period.

During the year we concluded our move to an outsourced model for internal audit and BDO LLP were appointed as Internal Auditor in May 2025. The Committee is confident that this new approach will provide resource benefits, specialist expertise and peer benchmarking, bringing necessary skills for some of the more complex areas. BDO have developed an annual risk-based internal audit plan in collaboration with the Committee and Executive Leadership Team to ensure alignment with business priorities and governance requirements.

Last year we reported on the work we had undertaken to move to a new valuation methodology for IPS. The new methodology is now fully embedded and we are pleased to see that the consistency of the valuation has been maintained and continues to be aligned with the mid to high single digit growth in underlying IPS profitability.

Areas of accounting judgments are always a key area of focus and the Committee is required to ensure that the Annual Report is fair, balanced and understandable.

A key area of responsibility for the Committee is the recommendation to the Board of the final dividend to shareholders. The Committee continues to try to balance the inflationary pressures that our shareholders have faced whilst looking forward at the forecast dividend income from the Portfolio and IPS business. In line with previous years, we recommended that each of the first three interim dividends for 2025 be set at a quarter of the total dividend for 2024, resulting in growth of 4.7% in the level of each interim dividend. As a Group, we remain committed to providing our shareholders with steadily increasing income and, with these factors in mind, we are recommending the final dividend of 10.375 pence per share, resulting in a total dividend of 35.5 pence.

In accordance with the Auditing Practices Board's Ethical Standards, our Audit Partner, Andrew (Jamie) Partridge, will rotate following the conclusion of the 2025 audit, as this will be his fifth year working with the Corporation and. After meetings with potential successors, the Committee selected Peter van Daesdonk as our new audit partner. I would like to take this opportunity to thank Jamie for his support over the past five years.

Composition and Meetings

The Committee members during the year were the independent Non-Executive Directors, including myself as Chair, Maarten Slendebroek, Clare Askem and Claire Finn. Robert Hingley, Chair of the Board, is not a Committee member but attends meetings by invitation, along with the Executive Directors. The Committee also invites the Chief Financial Officer, external auditors, internal auditors and personnel from the financial, legal and risk functions to attend and report on relevant matters. The Committee meets at least four times per year. The attendance of the Committee members is shown on page 72.

The Board reviews the Committee's composition and considers that, collectively, its members have sufficient recent and relevant financial, audit, and sector experience to fully discharge their responsibilities. This year's review of the operation of the Board and its committees was conducted by an internal board evaluation, detailed on page 77 of this report.

Audit and Risk Committee Report continued

As part of my duties as Committee Chair, regular meetings were held with the audit partner of Deloitte LLP, our external auditors, BDO LLP, our internal auditors, the Chief Financial Officer and the Head of Legal, Risk and Compliance to discuss significant matters. Additionally, I met privately with both the internal and external auditors outside of the normal committee cycle to provide them an opportunity to raise any issues without management present.

Role and Responsibility of the Committee

The main function of the Committee is to ensure the integrity of the Company's financial reporting and the appropriateness of the risk management processes and internal controls. The Committee's authority and duties are defined in its term of reference, which were reviewed and updated during the year, and can be found on our company website. The principal activities carried out during the year were:

Financial reporting

- Monitoring the integrity of the financial statements including the annual and half-yearly reports and any other formal statements or announcements relating to the Company's financial performance.
- Reviewing and reporting to the Board on significant financial reporting issues (if any) and judgements, which those statements contain.
- Meetings with the external auditor included discussing the 2024 financial statements and, in the fourth quarter, to plan the 2025 audit. The meetings included discussions on fees, auditor independence, key risks and non-audit services.
- Providing review and challenge where necessary over key areas of judgement, including the assumptions in support of the going concern statement and the Company's long-term viability and risks thereto. The Committee remains of the view that five years is the most appropriate period over which to assess our viability.

Risk management and Internal control

The approach to risk management adopted by the Group is set out in the Principal Risks and Internal Controls section on page 42. Whilst the Board as a whole is responsible for the effectiveness of internal control mechanisms, it is informed by more specific work carried out by the Committee, which includes the initiation and oversight of any investigations that may be necessary to address control weaknesses or breaches identified.

In addition to this, the Committee continues to review the adequacy and effectiveness of the Group's risk management systems and processes, with the Head of Legal, Risk and Compliance providing reports on risk matters at each meeting of the Committee. Principal activities during the year, included:

- Considering the principal risks and controls and general oversight of the Group's internal control systems and procedures, including in the context of reports by the depositary, the Company's obligations as an AIFM and the heads of business and functions with respect to the IPS business.
- Reviewing the adequacy and effectiveness of the risk management and internal controls framework and roadmap, through engagement with the Executive Leadership team, the Internal Auditors and the Group Risk team. The Committee is encouraged by progress made by the Central Functions with regard to investment in and stabilisation of operational infrastructure and believes that this will support ongoing improvements in our control environment.
- Advising the Board on the Company's overall risk appetite, tolerance and strategy, and the principal and emerging risks the Company is willing to take in order to achieve its long-term strategy and objectives.
- Reviewing the inherent and emerging risks in the business and the system of internal controls necessary to monitor such risks. This included a review of the Company's Fraud Risk policy and the controls in place to mitigate this risk.
- Considering exemptions from audit by parent company guarantee for certain subsidiaries under S479 of the Companies Act 2006. Further details can be found on page 128 of the notes to the financial statements.
- Reviewing reports from the Group Risk team and the Internal Auditor on risk and internal control matters and the adequacy and effectiveness of the control functions. As outlined in the Risk Management section on page 42, the Executive Risk Committee monitors risk management within the IPS business and reports up to the Committee as required.
- Review of the External Auditor's Management Letter and the monitoring of the programme of work undertaken by Management to address recommendations made by the auditor.

Compliance

- Review of regular reports on compliance matters and keeping under review the adequacy and effectiveness of the Company's and the wider Group's compliance reporting and obligations.
- Review of regular reports from the Money Laundering Reporting Officer and the adequacy and effectiveness of the Company's and the wider Group's anti-money laundering systems and controls.
- Review of the Company's and wider Group's procedures, systems and controls for ethical behaviour and the prevention of fraud, including the Fraud Risk Policy. There have been no reported cases of bribery or breaches to our modern slavery policy.
- Review of the processes in place for Group staff, contractors and external parties to raise concerns in confidence about possible improprieties in financial reporting or other matters insofar as they may affect the Group (whistleblowing). The Committee ensures that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action.

Audit and Risk Committee Report continued

Internal audit

As outlined earlier in my report, we moved to an outsourced model for internal audit during the year and appointed BDO LLP as Internal Auditor in May 2025. Principal activities during the year included:

- Approving the internal audit plan in the context of the Company's overall risk management system and ensuring it is aligned to the key risks of the business. The Committee agreed a thematic risk-based internal audit plan for this year.
- Ensuring internal audit has sufficient access to perform its function effectively and in accordance with relevant standards.
- Reviewing reports from the Internal Auditors, considering any major findings from their work and monitoring management's responsiveness to internal audit's findings and recommendations.
- Overseeing the introduction of the new Internal Auditor and monitoring the effectiveness of this new outsourced function. This has been done through regular meetings to discuss progress and review any corrective actions raised from the internal audit reports. There have been no concerns regarding the effectiveness of the function but this will continue to be carefully reviewed as the function continues to embed in the business.

External audit

The Committee recommended to the Board the reappointment of the external auditors.

The Committee also met the external auditors in order to inform considerations regarding their independence and effectiveness and to discuss the 2025 financial statements, including assessing the scope of their work and the key audit matters identified relating to valuation and existence of investments, occurrence of IPS revenues and management override of controls to ensure their presentation is fairly stated.

The Company is in compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 and the UK Corporate Governance Code. Under these requirements a tender for the external audit must be undertaken no later than 2031. The last tender took place in 2021. As outlined earlier in my report, in accordance with the Auditing Practices Board's Ethical Standards, our Audit Partner will step down from the audit next year, as this will be his fifth year working with the Corporation.

External auditors – assessing effectiveness

One of the principal functions of the Committee is to monitor the independence and objectivity of the external auditors, their performance and effectiveness. The Committee achieves this by an annual formal meeting with the external audit partner to plan that year's audit. Part of that process requires the external auditor to give the Committee a written assessment of how the external audit team identifies and manages the threats to its independence, along with the description of the safeguards that it has in place to avoid such threats. This vital part of the external audit process also enables the Committee to examine in detail the scope of the external audit, ensuring that the external auditor's objectives meet the Committee's own expectations, along with key audit and accounting matters to be considered that year. At the conclusion of each external audit, the Committee receives a formal presentation of the Management Letter from the external audit partner on their principal findings, including recommendations for improvement.

This provides the opportunity for robust challenge, particularly in areas where management's judgement has been required. The Committee also gives the external auditors an opportunity, without the Executive Leadership team present, to comment on the quality and standard of the Finance function as well as the Executive Leadership team's support of the external audit. Similarly, the Committee seeks the views of the Executive Leadership team on the effectiveness and performance of the external audit team.

Non-audit services

Non-audit services provided by the external auditor are reviewed by the Committee to ensure that independence is maintained. Non-audit fees are shown at note 3 to the accounts. The Committee's policy is that non-audit work should be limited to those matters where the external auditor is most appropriately placed to carry out the work unless there is a conflict of interest. Consequently, fees for non-audit services, which relate to assurance services such as an agreed upon procedures audit, have historically been low and in the year under review were £27,290 (2024: £26,000).

Significant financial issues relating to the 2025 accounts

The UK Corporate Governance Code requires the Committee to describe any significant issues considered in relation to the 2025 financial statements and how those issues were addressed.

The significant issues and judgements considered by the Committee include the valuation of IPS, IPS revenue recognition, debtor recoverability and discussions around the control environment.

In November 2025, Law Debenture received a letter from the Financial Reporting Council (FRC), as part of its regular review and assessment of corporate reporting in the UK, requesting further information in relation to the 2024 Annual Report and Accounts. The matters raised through this review were considered by the Committee, and all agreed changes have been incorporated into the 2025 financial statements, including the restatement of prior year comparatives, related to our incorrect inclusion of a liability for our third interim dividend at 31 December 2024, as set out in Note 29. The Committee welcomed the FRC's review and its contribution to our shared objective of continually enhancing the quality and transparency of our corporate reporting.

Audit and Risk Committee Report continued

No new significant issues arose during the course of the external audit. There continued to be a focus on embedding improved Finance operations and we have continued to make investments in this area to support the strategy for long term growth. We are pleased with the progress made and the improved control environment.

The Committee is satisfied that the judgements made by management are reasonable and that appropriate disclosures have been included in the accounts. The Committee was able to conclude and report to the Board that the financial statements themselves and the Annual Report as a whole are fair, balanced and understandable and provide the necessary information for shareholders to assess the Company and Group's position and performance, business model and strategy.

This report was approved by the Board of Directors on 10 March 2026 and signed on its behalf by:

Pars Purewal
Chair, Audit and Risk Committee

Karen Sampson
'Puffin'

Directors' Remuneration Report

PART 1: COMMITTEE CHAIR'S STATEMENT

Dear Shareholder

I am pleased to present the Directors' Remuneration Report for 2025 ('the Report'), which is in five parts:

- Part 1: Committee Chair's Statement
- Part 2: Remuneration Committee responsibilities
- Part 3: Current remuneration policy table and implementation in 2025
- Part 4: Annual Report on Remuneration for 2025
- Part 5: Proposed Directors' Remuneration Policy for 2026-28

The content complies with the UK Directors' Remuneration Report Regulations 2013, as amended in 2018 and 2019.

Shareholder support for Policy and implementation

Remuneration for 2025 was implemented in accordance with our Directors' Remuneration Policy ('the Policy'), which was approved by shareholders at our AGM in 2023 for the 2023-2025 period. The Policy received strong support from shareholders in 2023, with 95.76% of votes in favour. Our implementation of the Policy has also received overwhelming shareholder support, with 98.02% and 96.87% in favour of the Directors' Remuneration Reports for 2023 and 2024 respectively.

Review of the Directors' Remuneration Policy

The Committee reviewed the Policy during 2025 in readiness for the normal triennial shareholder vote at the AGM in 2026. Our review concluded that the current Policy continues to support our business strategy – including the performance and growth of the Independent Professional Services "IPS" business for which the Executive Directors have direct management responsibility. The Policy is also aligned with shareholder interests and best practice guidance. Therefore, no material changes to the Policy are proposed, except for a phased re-positioning of the base salary for the Chief Operating Officer ('COO') during 2026-27 to bring it closer to the median benchmark. We have consulted major shareholders and voting agencies on this salary change. Shareholders who responded to the consultation supported the proposal, and it is further explained later in my statement.

Market benchmarks and alignment with performance

The Committee sets the total remuneration package for Executive Directors taking account of their direct management responsibilities for the IPS business and their role in overseeing the management of the Investment Trust as a whole. Law Debenture's size, measured in market capitalisation, places it in the top half of the FTSE 250 index. However, we set remuneration levels for Directors using appropriate, mainly FTSE Small Cap companies; this takes account of the relative size of the IPS business and the responsibilities of the Executive Director roles at Law Debenture. Prior to 2023, the Chief Executive Officer's ('CEO') base salary had fallen substantially below benchmark levels and appropriate internal differentials. The approved Policy included a phased, three-step correction in his base salary – the first and second of those phased increases were implemented in 2023 and 2024, and the third step was applied in 2025.

The annual bonus plan and long-term incentive plan ('LTIP') for Executive Directors include demanding targets for both annual and 3-year growth in the profits of the IPS business. These profit growth targets, and the weight on financial performance in the annual bonus, were both increased when the current Policy was approved in 2023. We have continued to apply these higher growth targets to bonus for 2025 and for the LTIP grant relating to the 2025-27 performance period.

The Policy approved in 2023 also included a reduction in the pension allowance for Executive Directors to 9%, to align it with the rate for new employees. This reduced allowance has continued in 2025, down from the 12% allowance that had applied before 2023.

Directors' Remuneration Report continued

Annual performance and bonus outcomes for 2025

The Board Chair's and CEO's statements earlier in the Annual Report explain the achievements and business performance outcomes in 2025. It was another year of growth for IPS. Net revenue grew 7.5%, with particularly strong performances in Corporate Services (net revenue up 12.2%) and Corporate Trust (net revenue up 9.3%). Pensions net revenues were broadly flat year-on-year. IPS's underlying Profit Before Interest and Tax (PBIT) grew by 6.1% compared with 2024, which was adjusted for non-recurring items (refer APM on page 169). The management team also delivered good outcomes in the operational and strategic priority areas set by the Board.

Annual bonus for 2025 was based on growth in underlying IPS profit before interest and tax (60% weighting) and non-financial objectives (40% weighting), with a maximum award of 125% of base salary as in 2024. As we indicated in last year's report, from 2025 the Committee decided to use IPS Profit Before Interest and Tax ('PBIT') as the financial metric, rather than PBT. Interest income can fluctuate with changes in internal allocations of cash within the Group; the Committee therefore concluded that PBIT is likely to be a more reliable measure of profit performance in IPS. Threshold performance (paying 20% of max) required 5% year-on-year underlying PBIT growth and 12% underlying PBIT growth was required for 100% of this financial element of the bonus to be payable. The calculated outcome for 2025 was 6.1% growth in underlying PBIT, resulting in an award of 24.43% of base salary out of a maximum of 75% of base salary for this component of the bonus.

Achievements in the non-financial key performance areas set by the Committee were rigorously assessed. As outlined in the Report on page 94, the Committee set four discrete areas of performance for 2025, and assessed the total score for these to be 27.5% of base salary out of a maximum of 50% of base salary for this component of the bonus.

Before approving the performance and bonus outcome, the Committee considered whether there were any wider performance factors that might require a discretionary adjustment. This included considering the overall performance of IPS, encompassing general financial performance, wider non-financial performance, and risk management and regulatory compliance. The Committee concluded that the total bonus award of 51.93% of base salary resulting from the scorecard outcomes, out of a maximum opportunity of 125% of base salary, was appropriate without discretionary adjustment. A portion of the annual bonus is subject to deferral over 3 years, in accordance with the Policy.

Details of the Committee's assessment of performance outcomes relative to each of the annual bonus criteria are set out in this Report.

Annual bonus for 2026

In 2026, the Committee will continue to assess performance for annual bonus based on IPS financial metric performance (60% weight) and non-financial indicators (40% weight), with the same maximum bonus level of 125% of base salary. The financial metric will be year-on-year growth in IPS PBIT, as in 2025.

LTIP outcomes for 2023-2025 and 2025 LTIP grant

The three years to 31 December 2025 have been another successful period for the IPS business. Net revenue has grown to £57.7m in 2025 compared with £45.2m in 2022. The LTIP for the period 2023-25 was in the form of performance shares, using a performance metric of IPS 3-year statutory PBT growth. Threshold growth was set at 4% CAGR ('Compound Annual Growth Rate') (20% vesting) and a stretch performance level was set at 14% CAGR (100% vesting); this scale was more demanding than the scale used for grants made prior to 2023. The vesting percentage at threshold performance of 20% of maximum is five percentage points lower than the level for LTIP grants made prior to 2023. There was straight-line interpolation between threshold and stretch. Over the 3 years, IPS statutory PBT grew by a total of 22.8%, giving a CAGR of 7.07%, and producing a vesting level of 44.56% of maximum on the performance scale set for the award.

Before approving the vesting level, the Committee considered whether there were any wider performance factors that should be considered, including any 'windfall gains' from unusual share price movements at grant, and any risk management or regulatory compliance matters. Having considered these issues, the Committee determined the vesting outcome was a fair reflection of the overall performance and development of the IPS business over the three years.

The resulting vested shares are subject to a two-year post-vesting holding period, in accordance with the Policy.

LTIP grants of 150% of base salary were made to the Executive Directors in 2025 for the 2025-27 performance period, in line with the approved Policy. The performance condition for vesting is IPS PBIT growth over the 3-year period, with a range of 4% CAGR at threshold to 14% CAGR at maximum.

Long-term incentive grants in 2026

The Committee intends to grant performance shares to the two Executive Directors in 2026 with a grant value of 150% of base salary, which is the same as in 2025 and in accordance with the approved Policy. These awards will have a 3-year performance period, followed by a two-year post-vesting holding period. The performance metric for the vesting of awards will be growth in IPS PBIT, with a threshold performance requirement of 4% CAGR (20% vesting) and stretch level of 14% CAGR (100% vesting). As explained in previous Reports, EPS or TSR would not be appropriate metrics for the IPS business as it does not have listed shares of its own. PBIT is considered a good measure of the performance of IPS, and, whilst this is the same metric as used in the annual bonus, for the LTIP it is measured over a 3-year period.

Base salaries

As previously communicated in our Remuneration Reports, prior to the 2023-2025 Policy period the CEO's base salary of £325,000 had fallen far out of line and was not at a fair level, either relative to others in less senior roles in the Company or relative to other CEOs in the market. The situation was not sustainable, was inconsistent with the Company's values and did not support motivation, retention or recruitment of talent. The Committee therefore included in the 2023-25 Policy approved by shareholders a three-stage, phased increase. Taking account of views and preferences from shareholders for a 'back-end loaded' approach, the first increase was modest (3.9% on top of a general employee increase of 5%), followed by larger increases of 12.99% and 12.5%, respectively, in the second and third years. The first and second of these stages were implemented in 2023 and 2024 respectively. As explained in last year's Remuneration Report, the third stage was applied for 2025, increasing the CEO's base salary to £450k from 1 April 2025. This base salary remains below the median benchmark.

The Committee decided to increase the base salary of Trish Houston (COO) to £305k for 2025, an uplift of 3.92% from her previous salary of £293.5k. This followed a modest increase of only 1.2% awarded to her in 2024, when the average increase for other Law Debenture employees had been considerably higher at 4%.

Phased repositioning of COO's base salary over 2026-27 in the new Policy

The Committee considers benchmark data carefully, also taking account of other relevant factors. We take a considered approach to the positioning of base salaries and do not seek to align executive total remuneration with FTSE 250 companies of similar market capitalisation to Law Debenture. In part, this is because the Executive Directors are predominantly responsible for leading and managing the IPS business within Law Debenture, whilst also having the responsibilities as Executive Directors of the Investment Trust as a whole. Instead, the Committee has benchmarked base salaries against a peer group of mainly FTSE Small Cap companies; this takes account of the relative size of the IPS business and the responsibilities of the Executive Director roles at Law Debenture.

The COO's total remuneration package relative to the median benchmark is shown in the table below. Her current base salary of £305k is £70k below the median benchmark of £375k.

	Base salary (£000s)	Max annual bonus (% of base)	Max PSP grant (% of base)	Max total direct remune-ration £000s
Market median benchmark[1]	375	123%	150%	1,350
Law Debenture COO current	305	125%	150%	1,172

1 The benchmark peer group consists of sixty UK-listed companies (55 Small Cap and 5 FTSE 250). As there is only one Board level COO (base salary £361k) in this group, the benchmarking considers CFO roles as being of approximately equivalent size.

The COO's base salary progression between 1 April 2022 and 1 April 2025 is shown in the table below. The cumulative increase over this 3-year period was only 10.9%.

Effective Date	Base salary	Annual increase
1 Apr 2025	£305k	3.9%
1 Apr 2024	£293.5k	1.2%
1 Apr 2023	£290k	5.4%
1 Apr 2022	£275k	

We propose to re-position the COO's base salary to bring it in line with the current median benchmark in two stages, as shown in the table below, subject to continued good performance in the role.

Current base salary (2025)	Proposed base salary 1 April 2026	Proposed base salary 1 April 2027
£305k	£350k (+14.75%)	£375k (+7.14%)

The re-positioning is intended to bring the base salary for this key role to a more sustainable level, relative to other roles of similar size and scope in the market. This is to ensure that the COO is rewarded fairly and competitively for the responsibilities of the role.

Directors' Remuneration Report continued

Base salary for the Chief Executive Officer in 2026

The CEO's base salary will increase on 1 April 2026 by 2.9% which is slightly below the average percentage for the wider Law Debenture workforce, to £463k. Although the CEO's 2025 base salary of £450k was only 85% of the median benchmark (£530k), he requested that a restrained approach should apply to his salary review in 2026. This follows phased CEO increases during the 2023-2025 Policy period, which shareholders approved as part of the Policy in 2023. The CEO base salary will be reviewed again in the next annual cycle.

Board Chair fee and NED fees

The Committee increased the Board Chair fee level to £140k in 2025, from £130k in 2024. This 2025 increase continued the process of bringing the fee up to a level that properly reflects the role's responsibilities and time commitment. The role includes not only overseeing the strategy, management and performance of the Trust's investment portfolio, but also exercising governance oversight of the IPS business within Law Debenture. For 2026, the Committee decided to increase the fee for 2026 by 2.9% to £144k, which is slightly below the average percentage for the wider workforce.

The Board Chair and Executive Directors reviewed the fee levels for Non-Executive Directors, and decided to increase the base fee by 2.8% for 2026 to £55.5k from £54k previously. This base fee increase takes account of market fee levels and the time commitment required in the Law Debenture NED roles. The role includes both overseeing the Trust's strategy and performance, and governance of the IPS business within Law Debenture.

Law Debenture colleagues

The Committee oversees the wider workforce remuneration policy and its implementation. This includes approving the base salaries, annual bonus awards and long-term incentive grants for roles in the senior leadership team and any other Remuneration Code staff. It also includes approving the budgets and principles for base salary increases and annual bonuses for other colleagues in the Company and receiving regular feedback and updates on remuneration across the organisation. The Committee also monitors the gender and ethnicity pay gap figures, and the CEO-to-median-employee total pay ratio. The Committee also oversees Law Debenture's share plans for employees including the all-employee share plan.

One of our Committee members, Clare Askem, is also the NED with responsibility for overseeing Workforce Engagement. Clare conducts meetings with panels covering a cross-section of colleagues. These provide an opportunity for colleagues to raise any issues directly with a Non-Executive Board Director including asking any questions about executive remuneration policy or practice in Law Debenture.

UK Corporate Governance Code and FCA Remuneration Code

The Committee monitors how the remuneration policy and practice in Law Debenture meets the requirements of the Corporate Governance Code. The Committee also reviews compliance with the FCA's AIFM Remuneration Code and its proportionality guidance, including identifying Code staff roles and ensuring that remuneration supports prudent management of risk.

Total Shareholder Return

Law Debenture has achieved strong and sustained levels of return to shareholders. Over the 10 years to 31 December 2025, Law Debenture has achieved a Total Shareholder Return ('TSR') of 212%, compared with TSR of the FTSE All Share of 123% over the same period. This means that £1,000 invested in Law Debenture at the start of this period would be worth £3,124 at the end of 2025, compared with £2,234 if this £1,000 had been invested in the FTSE All-Share index over the same period.

Conclusion

The remuneration outcomes for 2025 reflect continued robust levels of underlying performance, and a Policy that aligns remuneration to shareholder interests. The Committee encourages you to vote in favour of both the Directors' Remuneration Report for 2025 and the Directors' Remuneration Policy for the 2026-28 period. We welcome any feedback shareholders may have.

Claire Finn
Chair, Remuneration Committee
On behalf of the Remuneration Committee

10 March 2026

Directors' Remuneration Report continued

PART 2: REMUNERATION COMMITTEE RESPONSIBILITIES

Remuneration Committee

REMUNERATION COMMITTEE MEMBERSHIP AND ACTIVITIES DURING 2025			
Members	The members of the Committee who served during the year were:	Claire Finn (Chair) Robert Hingley Pars Purewal Clare Askem Maarten Slendebroek	Details of Committee meetings and attendance can be found on page 72.
Key activities of the Committee during the year included:	• Implementing the Remuneration Policy; • Preparing the Directors' Remuneration Report for the financial year ending 31 December 2024; • Determining annual bonus outcomes and payments for the Executive Directors and approving outcomes for the Senior Managers relating to the financial year ended 31 December 2024;	• Setting performance objectives, annual bonus measures and targets for the financial year ending 31 December 2025; • Reviewing the operation of the annual bonus process; • Benchmarking pay for the Executive Directors and Board Chair; • Determining the Board Chair's fees; • Determining performance conditions for the grant of LTIP awards in 2025;	• Determining LTIP awards to vest in 2025; • Reviewing the Remuneration Committee Terms of Reference; • Reviewing the Gender and Ethnicity Pay Gap report; and • Reviewing the remuneration consultant's, Alvarez & Marsal's, performance and fees.
Support provided to the Committee	Alvarez & Marsal was appointed by the Committee as independent adviser following a formal selection process in 2022. Alvarez & Marsal is a member of the Remuneration Consultants Group and voluntarily operates under its Code of Conduct in its dealings with the Committee. Alvarez & Marsal's fees for the provision of independent advice to the Committee during the year amounted to £66,245. Other than in relation to advice on remuneration, Alvarez & Marsal provides no other support to the Company or wider Group. The Committee is satisfied that Alvarez & Marsal does not have connections with the Group that may impair their objectivity and independence. During the year, the Committee also took advice from the CEO and COO, whose attendance at Committee meetings was by invitation from the Chair, to advise on specific questions raised by the Committee and on matters relating to the performance and remuneration of the Senior Managers and the wider workforce. No Director participated in discussions that related directly to their own remuneration.		
Key responsibilities of the Committee	The Committee's terms of reference is published on the Company's website (https://media.umbraco.io/lawdebenture/d3abbnkk/law-debenture-remuneration-committee-terms-of-reference-approved-dec-2024.pdf). The key responsibilities of the Committee are to: • undertake a triennial review of the Remuneration Policy for the Executive Directors; • determine the Remuneration Policy for Executive Directors and Senior Managers in compliance with legal, regulatory and governance requirements and in the context of pay conditions across the workforce, engaging with shareholders thereon; • determine the individual remuneration packages for Executive Directors and Senior Managers; • approve the remuneration package of the Board Chair; • consider the design of, determine targets for and review outcomes for the annual bonus plan; • determine the design of, quantum and performance conditions for long-term incentive plans; • review workforce remuneration and related policies across the Company as a whole; • review pension arrangements, service contracts and termination payments for Executive Directors; and • approve the Directors' Annual Remuneration Report, ensuring compliance with legal, regulatory and governance requirements.		

Directors' Remuneration Report continued

PART 3: CURRENT REMUNERATION POLICY TABLE AND IMPLEMENTATION IN 2025

SALARY AND BENEFITS	
Purpose	To provide an appropriate level of salary and competitive benefits package to attract and retain individuals of the required calibre to successfully deliver the business strategy.
Operation and opportunity	Salary increase percentages for Executive Directors and Senior Managers are determined at the discretion of the Committee but will normally not be higher than those of the wider workforce. Increases may be made above this level in certain circumstances, including (but not limited to): • An increase in scale, scope or responsibilities of the role; • To ensure salaries are market competitive; and • Where individuals have been recruited or promoted with salaries below the targeted policy level initially and have become more established in their role. Benefits may include (but are not limited to) private medical insurance, life insurance cover, disability income plan, season ticket loans and professional subscriptions. Other benefits may be introduced from time to time to ensure the benefits package is competitive and reflects the circumstances of the individual Director, for example relocation allowances. The Committee may award non-pensionable cash payments in lieu of one or more of these benefits. Benefits may vary by role and individual circumstance and are reviewed periodically.
Performance framework	None
Outcomes for 2025	Denis Jackson's annual salary was £450,000. He also opted to participate in the Company's health care plan. Trish Houston's annual salary was £305,000. She also opted to participate in the Company's health care plan.
PENSION	
Purpose	To provide funding for retirement at market competitive levels.
Operation and opportunity	Executive Directors may receive pension contributions to a personal Pension scheme and/or cash allowances in lieu of contributions Executive Directors (including current incumbents and new Directors) to receive a contribution of 9% of base salary in line with the contribution for the majority of the workforce.
Performance framework	None
Outcomes for 2025	Denis Jackson received the cash allowance in lieu of contributions equivalent of 9% of salary. Trish Houston received a cash allowance in lieu of part of her pension contributions, the remainder was received in pension contributions.

Directors' Remuneration Report continued

ANNUAL BONUS	
Purpose	To incentivise and reward the achievement of annual business objectives to enable successful implementation of the Group strategy, and to align the interests of Executive Directors with shareholders and support retention.
Operation and opportunity	Financial and non-financial objectives, targets and metrics are set at the start of the year. Maximum individual annual bonus opportunity is 125% of base salary. 60% of maximum (equivalent to 75% of salary) is payable for financial performance. 40% of maximum (equivalent to 50% of salary) is payable for non-financial performance. Half of the portion of any bonus earned above £100,000 will be deferred in shares for three years. Dividend equivalents may accrue on deferred bonus awards and be paid on those shares which vest. The Plan contains malus and clawback provisions. The total aggregate annual bonus payment for Executive Directors is capped at 25% of the general bonus pool for employees.
Performance framework	Performance versus financial and non-financial objectives is assessed at the end of each year to determine the award. The financial component of the bonus is calculated on a formulaic basis. Threshold and stretch financial performance levels of 5% to 12% annual growth in profits are applied, with a pay-out of 20% of maximum at minimum threshold performance rising to 100% of maximum at stretch performance, calculated on a straight-line basis. The Committee assesses performance against strategic objectives and associated targets and metrics to determine the non-financial component of the bonus to be awarded. The Committee has discretion to set suitable metrics and targets, and to adjust the formulaic bonus outcome to reflect underlying Company performance. Any adjustments or discretion applied by the Committee will be fully explained in the following year's Remuneration Report.
Outcomes for 2025	Denis Jackson has been awarded a 51.93% of base salary bonus, out of a maximum 125% of base salary. The basis for award is explained on pages 93 to 94. Trish Houston has been awarded a 51.93% of base salary bonus, out of a maximum 125% of base salary. The basis for award is explained on pages 93 to 94.
LTIP	
Purpose	To drive sustained long-term performance that supports the creation of shareholder value, and to encourage and facilitate substantial long-term share ownership.
Operation and opportunity	An award of conditional shares or nil cost-options may be granted annually. Awards vest after three years, subject to performance and continued employment. Following vesting, an additional two-year holding period will apply (net of tax), such that shares are not released until five years from grant. Award levels and performance conditions are reviewed in advance of each grant to ensure they remain appropriate. At the Committee's discretion, an amount in shares or cash equal in value to the dividends payable may accrue on shares which have vested from the date of vesting until the end of the holding period.
Performance framework	The award is currently based on financial measures, normally profit-based measures linked to the IPS business. The Committee has the discretion to set suitable metrics and targets for each grant. The higher maximum award size in this Policy of 150% from 2023, was accompanied by a reduction in the vesting percentage at threshold performance to 20%, and by more demanding performance requirements. The Committee has discretion to adjust the formulaic vesting outcome to reflect underlying Company performance. Any adjustments or discretion applied by the Committee will be fully explained in the following year's Remuneration Report.

Directors' Remuneration Report continued

LTIP (continued)	
Outcomes for 2025	The Committee uses growth in IPS PBT for existing LTIP awards as the metric for determining the level of vesting over the relevant performance period. Denis Jackson was awarded an LTIP in 2023 which will vest in March 2026. Using statutory IPS PBT for 2025, CAGR over the 3 year period was 7.07%, relative to threshold to stretch performance range of 4% to 14% CAGR, so he will receive 44.56% of the maximum of award. The Committee did not apply discretion to adjust statutory PBT in determining underlying PBT for either FY25 or FY22 included in the period of assessment. Trish Houston was awarded an LTIP in 2023 which will vest in March 2026. Using statutory IPS PBT for 2025, CAGR over the 3 year period was 7.07%, relative to threshold to stretch performance range of 4% to 14% CAGR, so she will receive 44.56% of the maximum of award. The Committee did not apply discretion to adjust statutory PBT in determining underlying PBT for either FY25 or FY22 included in the period of assessment. The Executive Directors were each granted LTIP awards in 2023, 2024 and 2025 of 150% of base salary, and will be granted 2026 awards, also of this percentage of base salary. The annual growth percentages at threshold and stretch for the 2023, 2024 and 2025 grants are 4% and 14% respectively and the percentage vesting at threshold performance was reduced to 20% with effect from the 2023 grants (previously 25%).
ALL EMPLOYEE PLANS	
Purpose	To encourage share ownership throughout the workforce.
Operation and opportunity	The Executive Directors are eligible to participate in an HMRC-approved Save As You Earn Share Save Plan ('SAYE') and/or Share Incentive Plan ('SIP') on the same basis as all other eligible UK employees. The Committee intends to maintain and operate these schemes in accordance with scheme rules and HMRC Regulations. The prevailing HMRC approved limits apply.
Performance framework	None
SHAREHOLDING REQUIREMENTS	
Purpose	To provide alignment between the interests of the Executive Directors and our other shareholders.
Operation and opportunity	The Executive Directors are required to build and maintain a minimum shareholding of two times base salary. Executive Directors are required to retain 50% of the post-tax number of vested shares from the Company incentive plans until the minimum shareholding requirement is met and maintained. On cessation of employment, Executive Directors are required to retain their minimum shareholding requirement immediately prior to departure for two years. Where their actual shareholding at departure is below the minimum shareholding requirement, the Executive Directors' actual shareholding is required to be retained on the same terms and for the same periods. The Company has established a process for monitoring and enforcement of in-role and post-cessation shareholding requirements.
Performance framework	None.
Outcomes for 2025	Denis Jackson held 324% of base salary in shares through his own account, deferred bonus (net of expected PAYE) and the SIP against a target of 200% of base salary as at 31 December 2025. Trish Houston held 180% of base salary in shares through her own account, deferred bonus (net of expected PAYE) and the SIP against a target of 200% of base salary as at 31 December 2025. This figure also includes 762 shares held by persons closely associated ('PCA').

PART 4: ANNUAL REPORT ON REMUNERATION FOR 2025

Performance measures selection for the annual bonus

Performance measures for the annual bonus are selected annually to reflect the Company's main short and long-term objectives and reflect both financial and non-financial priorities. For Executive Directors, performance measures in incentives focus predominantly on the profitability of the IPS business which is central to Law Debenture's business model and is the area of the business fully within their control. The performance targets are set to be stretching but achievable, taking into account a range of internal and external reference points and having regard to the particular strategic priorities and economic environment.

By their nature, some objectives require a more subjective assessment than others and this is done by the Committee following the input from the wider Board as appropriate.

STRATEGIC OBJECTIVES	DESCRIPTION	WEIGHTING
IPS financial performance	The Committee reviews financial metrics when assessing the Executive Directors' delivery against financial performance targets. The metric used for 2025 was PBIT. The Executive Directors' awards are based on the performance against agreed thresholds, which can be found in the table below.	60%
IPS non-financial performance	The success of the IPS business is dependent on the effective leadership and implementation of the right strategy to ensure our people can provide excellent service to our clients regardless of the external challenges the business may face. This includes a robust operational infrastructure, a well embedded risk management framework and high calibre people. Engagement with investors, potential investors, market analysts, clients and the media is considered to be beneficial to our shareholders as it raises awareness of the unique investment proposition which is offered by Law Debenture and supports the future growth of the IPS business. The Remuneration Committee believe that the efforts made by the Executive Directors to further enhance the areas outlined above should be rewarded.	40%

MEASURE

For 2025 the maximum bonus opportunity for the Executive Directors was 125% of salary. Performance conditions were based 60% on financial metrics and 40% on non-financial strategic metrics. Details of the specific measures, weightings and outcome achieved are set out below:

Measure	Weighting	Threshold (20% of max.)	Maximum (100% of max.)	Actual	Outcome (% of salary)
IPS financial performance – underlying PBIT	60%	5%	12%	6.1%	24.43
IPS non-financial performance	40%	Further details set out below			27.50
Total	**100%**				**51.93**

Directors' Remuneration Report continued

Remuneration outcomes for 2025

2025 PERFORMANCE AND PAY OUTCOMES
Performance against Financial Objectives for 2025
Total Annual Bonus for 2025: 51.93% of a potential maximum of 125% of base salary. The IPS business delivered underlying PBIT growth of 6.1%, resulting in an award of 24.43% of base salary out of a maximum 75% of base salary for financial performance (60% weighting equivalent to 75% of base salary of the maximum total bonus of 125% of base salary).

Performance against Non-Financial Objectives for 2025

Key performance area	Max bonus (eligible % of base salary)	Score (out of 5)	Bonus awarded (% of base salary)	Commentary on objectives set and achievements
Leadership and Development	12.5%	3.5	8.75%	The focus for 2025 included personal development plans for the CEO and COO as well as the establishment and embedding of a new Executive Leadership Team (ELT) to support the next phase of the Company's strategy. The Committee is pleased with the progress that Executive Leadership Team are making and recognises the strong capability and long-term value that the new CFO and CTO bring to the Company.
Finance	12.5%	2	5%	Delivery to date against the Finance Target Operating Model has been satisfactory, although the Committee recognises that this objective represents a multi-year programme of work, with implementation and embedding required beyond the current year before the full benefits can be realised.
Technology	12.5%	2.5	6.25%	Delivery to date against the Technology Target Operating Model has been satisfactory, although the Committee recognises that this objective represents a multi-year programme of work, with implementation and embedding required beyond the current year before the full benefits can be realised.
CSS	12.5%	3	7.5%	Good progress has been made on revenue generation and process enhancements within this important business area. The objective is now transitioning into business-as-usual. The focus will be on supporting consistent service quality, strong client outcomes, and sustainable performance.
Total (of a maximum of 50% of base salary)			27.5%	

Directors' Remuneration Report continued

Long-term incentive plan

The LTIP award granted to both the CEO and COO in 2023 reached the end of its performance period on 31 December 2025. The outcome was CAGR of 7.07% (compared with a threshold to maximum range of 4% to 14% CAGR), resulting in a vesting of 44.56% of the maximum award. The Committee adopted growth in IPS PBT as the metric for determining the level of vesting over the relevant performance period.

In 2025, both the CEO and the COO were granted LTIP awards at the level of 150% of salary. The award will vest after three years based on IPS PBIT performance, and any vested shares (net of tax) will be subject to a further two-year holding period. Grants in 2026 will also be at the level of 150% of base salary. Growth in profit before interest and tax will be the metric for determining vesting of both awards, with the CAGR ranges shown below:

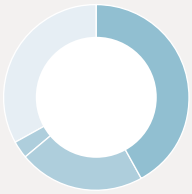
	% vesting (of maximum)	IPS 3-year PBIT CAGR
Below threshold	0	less than 4%
Threshold	20	4%
Stretch	100	14%

2025 PERFORMANCE AND PAY OUTCOMES

Total remuneration 2025

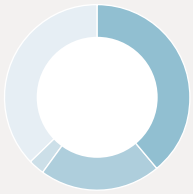
Denis Jackson
Chief Executive Officer

Salary and benefits 42%
Annual bonus 22%
Pension 3%
LTIP 33%



Trish Houston
Chief Operating Officer

Salary and benefits 39%
Annual bonus 21%
Pension 3%
LTIP 37%



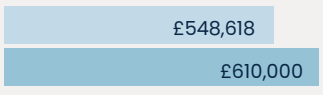
Share ownership

Shareholding is a key means by which the interests of Executive Directors are aligned with those of other shareholders.

Denis Jackson
Chief Executive Officer

Current holdings (net): 138,216 shares[1]
Two times salary: 85,389 shares
Total target value: £900,000
Current holding (% of salary): 324%

Trish Houston
Chief Operating Officer



Current holdings (net): 52,051 shares[1,2]
Two times salary: 57,875 shares
Total target value: £610,000
Current holding (% of salary): 180%

1 Shares owned outright have been included, plus vested LTIP shares, unvested deferred bonus shares (both net of expected PAYE and NI) and SIP. The value of the holding has been adjusted to reflect expected tax and NI payable.
2 Trish Houston's holding includes 762 shares held by persons closely associated ('PCA').

The value of the shareholdings disclosed have been calculated using the close price as at 31 December 2025. For these purposes, shares held in the deferred bonus scheme (net of tax/NIC) and the SIP as at 31 December 2025 have been included as there are no performance conditions to be met. The unvested LTIP awards have not been included.

Directors' Remuneration Report continued

Single total figure of remuneration (audited)

	Year ended	Salary[1] £000	Benefits[2] £000	Bonus £000	LTIP[3] £000	Pension[4] £000	Total £000	Total Fixed £000	Total Variable £000
Denis Jackson	**2025**	**438**	**1**	**233**	**346**	**34**	**1,052**	**473**	**579**
	2024	389	2	173	258	30	852	421	431
Trish Houston	**2025**	**302**	**1**	**158**	**284**	**24**	**769**	**327**	**442**
	2024	293	1	127	218	23	662	317	345

1 Changes to salary are effective from 1 April.
2 Benefits shown are available to all eligible employees. Both Denis Jackson and Trish Houston receive healthcare insurance.
3 Includes dividend reinvestment and dividend equivalent. Value for 2025 is based on average share price for the period of 1 October 2025 to 31 December 2025 of 1039.5 pence and also includes the final dividend of 10.375 pence per share. The share price at the time of the grant of the 2023 LTIP was 795.0 pence per share compared to the average share price of 1039.5 pence for the 3-month period to 31 December 2025. 23.5% of the 2025 value is a result of share price growth. The share price at the time of the grant of the 2022 LTIP was 777.4 pence per share. The award that vested in 2025 did so at a share price of 889.0 pence per share. The 2024 award has been updated to reflect the share price at point of vesting and the 2025 award will be updated in the same way in the next Annual Report. 11% of the 2024 value is a result of share price growth.
4 The pension values relate to the cash allowances paid in lieu of a pension contribution. The amount shown is the value of the allowance received, which reflects a reduction for the cost of employer's NIC.

Executive Directors' shareholdings (audited)

The table below shows the interests of the Executive Directors and connected persons in shares (owned outright or vested) as at 31 December 2025. Since 31 December 2025, Denis Jackson's shareholding has increased by 1,096 shares pursuant to an automatic dividend reinvestment. Trish Houston's shareholding has increased by 417 shares pursuant to an automatic dividend reinvestment. There have been no other changes in the Executive Directors' interests in the period between 31 December 2025 and 11 March 2026.

		Outstanding scheme interests							
	Shares owned outright[†]	Unvested shares not subject to performance[1]	Unvested options not subject to performance[2]	Unvested share options subject to performance[3]	Vested but unexercised share options	Total interests[4]	Shareholding guideline (% of salary)	Current shareholding (% of salary)[5]	Guideline met
Denis Jackson	122,376	29,886	3,026	217,760	–	138,216	200%	324%	Yes
Trish Houston	41,116[6]	20,632	3,856	161,284	–	52,051	200%	180%	No

1 Includes deferred bonus awards granted under the Deferred Share Plan.
2 Includes options awarded under Save As You Earn Share Save Plan.
3 Includes options awarded under the LTIP.
4 Total scheme interests excludes the shares subject to performance conditions. Shares owned outright have been included, plus unvested deferred bonus shares (net of expected PAYE), and SIP.
5 Based on a share price on 31 December 2025 of 1054 pence.
6 Includes person closely associated ('PCA') holdings of 762 shares.
† Includes exercised LTIP options and SIP.

Directors' Remuneration Report continued

Executive Directors' interests in shares and option plans (audited)

Denis Jackson

Scheme	Interests at 1 January 2025	Granted in the year	Date of grant	Market price at grant	Dividend equivalent shares in the year	Vested in the year	Lapsed/ forfeited in the year	Exercised in the year	Exercise price*	Market Price at date of exercise	Interests at 31 December 2025	**Vesting/ first exercise date**
[1]DSP 2022	12,297	–	14.03.22	799.1	109	12,406	–	–	n/a	n/a	–	**12.03.25**
[1]DSP 2023	9,564	–	15.03.23	841.5	350	–	–	–	n/a	n/a	9,914	**16.03.26**
[1]DSP 2024	15,307	–	14.03.24	782	561	–	–	–	n/a	n/a	15,868	**14.03.27**
[1]DSP 2025	–	4,038	20.03.25	898	66	–	–	–	n/a	n/a	4,104	**20.03.28**
[2]LTIP 2020	61,908	–	07.04.20	462.9	2,619	–	–	64,527	462.9	1,022	–	**17.11.25**
[2]LTIP 2021	45,602	–	01.03.21	712.8	3,614†	–	–	49,216	712.8	1,022	–	**17.11.25**
[2]LTIP 2022	41,806	–	28.02.22	799.1	4,025†	28,723	15,991	29,840	799.1	1,022	–	**17.11.25**
[2]LTIP 2023	66,792	–	04.04.23	795.0	–	–	–	–	n/a	n/a	66,792	**04.04.26**
[2]LTIP 2024	75,834	–	02.04.24	791.2	–	–	–	–	n/a	n/a	75,834	**02.04.27**
[2]LTIP 2025	–	75,134	20.03.25	898.0	–	–	–	–	n/a	n/a	75,134	**20.03.28**
[3]SAYE 2020	5,565	–	26.08.20	539.0	–	–	–	5,565	539	n/a	–	**26.08.25**
[3]SAYE 2025	–	3,026	11.09.25	1,016.0	–	–	–	–	1,016	n/a	3,026	**01.10.30**

1 Deferred Share Plan (share grant price is based on the market close on the date of the grant). Includes dividend reinvestment.
2 Long Term Incentive Plan (price at grant is calculated based on a 5 day average close price up to and including the day before the date of grant). Details of performance conditions and targets can be found on page 95. 61.75% of Denis Jackson's 2022 LTIP award vested on 20 March 2025. The remaining number of shares lapsed accordingly. The vested awards are subject to a two year holding period.
3 Save As You Earn Share Save Plan (share grant price is based on market close on the date of the grant).

** Exercise price is based on market price at grant.*
† Cumulative dividend equivalent shares for LTIP grants included in year of vesting

Trish Houston

Scheme	Interests at 1 January 2025	Granted in the year	Date of grant	Market price at grant	Dividend equivalent shares in the year	Vested in the year	Lapsed/ forfeited in the year	Exercised in the year	Exercise price*	Market Price at date of exercise	Interests at 31 December 2025	**Vesting/ first exercise date**
[1]DSP 2022	7,552	–	14.03.22	799.1	67	7,619	–	–	n/a	n/a	–	**12.03.25**
[1]DSP 2023	7,089	–	15.03.23	841.5	260	–	–	–	n/a	n/a	7,349	**16.03.26**
[1]DSP 2024	11,362	–	14.03.24	782	417	–	–	–	n/a	n/a	11,779	**15.03.27**
[1]DSP 2025	–	1,480	20.03.25	898	24	–	–	–	n/a	n/a	1,504	**20.03.28**
[2]LTIP 2021	32,271	–	01.03.21	712.8	2,558†			34,829	712.8	1,022	–	**17.11.25**
[2]LTIP 2022	35,374	–	28.02.22	799.1	3,406†	24,304	13,531	25,250	799.1	1,022	–	**17.11.25**
[2]LTIP 2023	54,717	–	04.04.23	795	–	–	–	–	n/a	n/a	54,717	**04.04.26**
[2]LTIP 2024	55,643	–	02.04.24	791.2	–	–	–	–	n/a	n/a	55,643	**02.04.27**
[2]LTIP 2025	–	50,924	20.03.25	898.0	–	–	–	–	n/a	n/a	50,924	**20.03.28**
[3]SAYE 2021	3,856	–	01.09.21	778	–	–	–	–	778	n/a	3,856	**01.09.26**

1 Deferred Share Plan (share grant price is based on the market close on the date of the grant). Includes dividend reinvestment.
2 Long Term Incentive Plan (price at grant is calculated based on a 5 day average close price up to and including the day before the date of grant). Details of performance conditions and targets can be found on page 95. 61.75% of Trish Houston's 2022 LTIP award vested on 20 March 2025. The remaining number of shares lapsed accordingly. The vested awards are subject to a two year holding period.
3 Save As You Earn Share Save Plan (share grant price is based on market close on the date of the grant).

** Exercise price is based on market price at grant.*
† Cumulative dividend equivalent shares for LTIP grants included in year of vesting.

Directors' Remuneration Report continued

Total Shareholder Return (TSR) chart

The graph below compares the value of £1,000 invested in Law Debenture's shares, including reinvested dividends, with the FTSE All-Share Total Return Index over the last ten years. This index was selected because it is the index adopted as Law Debenture's benchmark.

Notes

1 The graph shows the total shareholder return of a nominal holding of £1,000 of Law Debenture's shares measured against the total shareholder return of a nominal holding of £1,000 invested in the FTSE All-Share Index over a 10 year period.

2 Dividends have been reinvested.

3 FTSE All-Share Index is chosen as the comparator in this table because that is the index against which, historically, the Company has reported the performance of the Portfolio.

Historical remuneration

	2016	2017	2018	2019	2020	2021	2022	2023	2024	**2025**
Incumbent	*M. Adams[1] T. Fullwood[2]*		*D. Jackson[3]*	*D. Jackson[3]*	*D. Jackson[3]*	*D. Jackson[3]*	*D. Jackson[3]*	*D. Jackson[3]*	*D. Jackson[3]*	**D. Jackson[3]**
	C. Banszky	*M. Adams*								
CEO single figure of total remuneration (£000)	180.5	142.2	611.2	643.4	643.0	643.2	1,084[4]	1,075[5]	852[6]	**1,052[7]**
	757.8	344.1								
Annual bonus including deferred bonus awarded (against maximum award)	65.1%	100.0%	100.0%	90.9%	85.0%	85.0%	76.8%	75.7%	34.5%	**41.5%**
	0.0%	0.0%								
LTIP award due to vest (against maximum %)	n/a	n/a	n/a	n/a	n/a	n/a	74%	90.0%	61.8%	**44.56%**

1 C. Banszky stepped down as CEO on 31 August 2016 and was succeeded by M. Adams on the same date following his appointment to the Board on 4 August 2016.

2 T. Fullwood was appointed interim Chief Executive Officer from 22 October 2017 for a fixed term until retirement at 1 January 2018.

3 D. Jackson was appointed as CEO on 1 January 2018.

4 Includes dividend reinvestment and dividend equivalent. Total number of shares which vested was 58,006 at a share price of 809.0 pence per share.

5 Includes dividend reinvestment and dividend equivalent. Total number of shares which vested was 45,602 at a share price of 800.0 pence per share.

6 Includes dividend reinvestment and dividend equivalent. Total number of shares which vested was 28,723 at a share price of 898.4 pence per share.

7 Includes dividend reinvestment and dividend equivalent. Total number of shares due to vest is 33,000 at an average share price of 1,039.5 pence per share for the 3-month period to 31 December 2025.

Directors' Remuneration Report continued

CEO pay ratio

UK regulations require companies with more than 250 UK employees to publish ratios to show CEO Total pay versus that of its UK employees. In line with these regulations, we have provided ratios based on Method B as prescribed by the regulations, under which a single total figure of remuneration is derived for each employee identified using the Gender Pay Gap data and the quartiles analysed. The employee pay figures were calculated by reference to and as at the year ended 31 December 2025 using full-time equivalent data for relevant employees in service as at 31 December 2025. The Committee is satisfied that the median pay ratio is consistent with the pay, reward and progression policies for our UK employees. As in prior years, the Committee approved the use of Methodology B, as set out in the regulations, believing this to be the simplest, most appropriate and robust way to calculate the ratio.

We have considered whether the remuneration of the three employees identified as the best equivalents of the quartiles, using Gender Pay Gap data under Option B, is reasonably representative of what the actual P25, P50 and P75 would be under Option A. Given the relatively uniform structure of remuneration for our employees, with base salary forming more than three-quarters of total pay for most colleagues, the individuals identified under option B for P25 , P50 and P75, are reasonably representative of those quartiles. We have not had to make any assumptions or use statistical modelling to determine full-time equivalent remuneration.

CEO pay ratios can be volatile due to the variable nature of the CEO remuneration outcomes based on performance.

Financial year	Methodology	25th percentile ratio	50th percentile ratio	75th percentile ratio
2025	**B**	**24:1**	**15:1**	**9:1**
2024	B	22.1	14.1	6.1

	CEO £	25th percentile £	50th percentile £	75th percentile £
Total pay	1,052,000	43,000	70,878	127,265
Base salary	437,500	35,250	61,000	99,000

Percentage change in Director remuneration

The table below shows the percentage change in Director remuneration, comprising salary, taxable benefits and annual bonus, and comparable data for the average of all UK employees within the Company. As the figures are for calendar year earnings, the percentages may differ from percentage increases awarded 1 April.

	Salary/ fees 2025	**Taxable Benefits 2025**	**Annual Bonus 2025**	Salary/ fees 2024	Taxable Benefits 2024	Annual Bonus 2024	Salary/ fees 2023	Taxable Benefits 2023	Annual Bonus 2023	Salary/ fees 2022	Taxable Benefits 2022	Annual Bonus 2022	Salary/ fees 2021	Taxable Benefits 2021	Annual Bonus 2021
Denis Jackson (CEO)	**13%**	**-42%**	**35%**	12%	0%	-48%	7%	0%	34%	0%	-50%	-9%	0%	0%	0%
Trish Houston (COO)	**3%**	**17%**	**24%**	2%	-97%[1]	-54%	31%[1]	>100%[1]	30%	-11%[1]	0%	1%	>100%[2]	0%	>100%[2]
Robert Hingley (NED)	**10.0%**	**n/a**	**n/a**	18.5%	n/a	n/a	16.1%	n/a	n/a	3.8%	n/a	n/a	0.0%	n/a	n/a
Tim Bond (NED)[3]	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a	5.0%	n/a	n/a	3.8%	n/a	n/a	0.0%	n/a	n/a
Claire Finn (NED)	**5.0%**	**n/a**	**n/a**	2.8%	n/a	n/a	10.4%	n/a	n/a	6.8%	n/a	n/a	7.2%	n/a	n/a
Clare Askem (NED)[4]	**6.7%**	**n/a**	**n/a**	6.3%	n/a	n/a	8.4%	n/a	n/a	>100%[4]	n/a	n/a	n/a	n/a	n/a
Pars Purewal (NED)[5]	**5.0%**	**n/a**	**n/a**	2.8%	n/a	n/a	13.9%	n/a	n/a	>100%[5]	n/a	n/a	n/a	n/a	n/a
Maarten Slendebroek (NED)[6]	**8.8%**	**n/a**	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
All other Employees (excluding directors)[7]	**3%**	**n/a**	**6%**	4%	n/a	-3%	6%	n/a	0%	6%	n/a	0%	5%	0%	30%

1 The discrepancies in salary/fees for Trish Houston in 2022 and 2023 relate to her period of maternity leave. The benefits for 2023 reflect the benefits Trish received relating to her return to work from maternity leave in line with Group policy.
2 Trish Houston joined the Board during 2020 and therefore there are no meaningful comparative figures available until her first full year (2021).
3 Tim Bond retired from the Board in March 2024.
4 Clare Askem joined the Board during 2021 and therefore there are no meaningful comparative figures available until her first full year (2022).
5 Pars Purewal joined the Board during 2021 and therefore there are no meaningful comparative figures available until his first full year (2022).
6 Maarten Slendebroek joined the Board during 2024 and therefore there are no meaningful comparative figures available until his first full year (2025).
7 For the purposes of this table, all other employees excluding directors have been taken to mean employees of LDC Trust Management Limited and Safecall Limited.

Directors' Remuneration Report continued

Non-Executive Directors' shareholdings (audited)

The table below shows the interests of the Non-Executive Directors and connected persons in shares (owned outright or vested) as at 31 December 2025. Since 31 December 2025, Pars Purewal's shareholding has increased by 245 shares pursuant to an automatic dividend reinvestment. There have been no other changes in Directors' interests in the period between 31 December 2025 and 11 March 2026.

Non-Executive Directors	Number of shares held as at 31 December 2024	**Number of shares held as at 31 December 2025**	**Number of shares held as at 11 March 2025**
Robert Hingley	4,870	**4,870**	**4,870**
Pars Purewal[1]	31,323	**32,463**	**32,708**[2]
Claire Finn	2,576	**2,576**	**2,576**
Clare Askem	–	**–**	**–**
Maarten Slendebroek	–	**–**	**–**

1 Shares are held jointly with a connected person.
2 Share increase pursuant to automatic dividend reinvestment.

Single total figure of remuneration for Non-Executive Directors (audited)

The table below sets out the single figure for the total remuneration received by each Non-Executive Director for the year ended 31 December 2025 and the prior period:

Non-Executive Directors	**Salary/fees 2025**	**Total 2025**	Salary/fees 2024	Total 2024
Robert Hingley	**£137,500**	**£137,500**	£125,000	£125,000
Tim Bond[1]	**n/a**	**n/a**	£12,500	£12,500
Pars Purewal	**£63,000**	**£63,000**	£60,000	£60,000
Claire Finn	**£63,000**	**£63,000**	£60,000	£60,000
Clare Askem	**£63,000**	**£63,000**	£59,063	£59,063
Maarten Slendebroek	**£53,000**	**£53,000**	£48,718	£48,718

1 Tim Bond resigned from the Board on 28 March 2024.

Non-Executive Director fees

For 2026, the fees for the Chair and the Non-executive director base fee have increased as shown below, and explained in the Committee Chair's introductory statement.

Fee	**Fees effective 1 April 2026**	**Fees effective 1 April 2025**	**% change**
Chair fee	**£144,000**	**£140,000**	**2.9%**
Non-Executive Director base fee	**£55,500**	**£54,000**	**2.8%**
Additional fee for Chair of Audit Committee	**£10,000**	**£10,000**	**0%**
Additional fee for Chair of Remuneration Committee	**£10,000**	**£10,000**	**0%**
Additional fee for oversight of workforce engagement	**£6,250**	**£6,250**	**0%**
Additional fee for Senior Independent Director	**£3,750**	**£3,750**	**0%**

The aggregate base fees of the NEDs are within the limit set in the Company's Articles of Association.

Directors' Remuneration Report continued

Relative importance of spend on pay

The table below shows the Company's actual expenditure on shareholder distributions (including dividends and share buybacks) and total employee pay expenditure for each financial year.

	2025 £000	2024 £000	**% change**
Total employee pay expenditure[1]	**31,297**	28,599	**9.4%**
Total distributed to shareholders[2]	**47,538**	44,236	**7.5%**

1 Total remuneration includes bonuses, employers' NI and pension costs and is the figure reported at note 3 of the accounts.
2 Amounts distributed to shareholders are the totals of the final and interim dividends in respect of that year reported at note 8 of the accounts. There were no other distributions.

The average number of employees has increased from 298 in 2024 to 313 in 2025, which has led to an increase in employee pay expenditure. Employer National Insurance costs in our main market the UK, increased in April 2025 impacting our overall employment costs. The increase also includes the effect of the annual review of base salaries. Distribution to shareholders has been subject to an increase for the current year as explained in the Chairman's statement on page 9.

Statement of shareholder voting at the Company's AGM

The table below sets out the results of the most recent shareholder votes on the Directors' Remuneration Policy at the AGM on 30 March 2023 and the Directors' Remuneration Report at the AGM on 11 April 2025. The full policy is contained in the Company's annual report and accounts for the year ended 31 December 2023, which may be found at https://www.lawdebenture.com/investment-trust/shareholderinformation/annual-reports-and-half-yearly-reports.

	Percentage of votes cast		Number of votes cast		
	For	Against	For	Against	Withheld[1]
2024 Directors' Remuneration Report	96.87%	3.13%	28,191,514	910,374	129,033
Directors' Remuneration Policy 2023 - 2025	95.76%	4.24%	26,326,896	1,165,584	340,479

1 A vote withheld is not a vote in law and is not counted in the calculation of the proportion of votes cast for and against a resolution.

Directors' Remuneration Report continued

PART 5: PROPOSED DIRECTORS' REMUNERATION POLICY FOR 2026-28

Directors' Remuneration Policy

The Committee is required to put the new Directors' Remuneration Policy to a binding shareholder vote at the next Annual General Meeting on 24 April 2026, as the current Policy, that was approved at the 2023 AGM, is approaching the end of its three-year approval period. This new Policy, set out below, will take effect from the date of that meeting and is intended to apply to remuneration in respect of 2026-28.

Remuneration principles

In preparation for the review of our Directors' Remuneration Policy, the Committee reviewed the reward frameworks for the wider workforce, alongside our more specific debates on Executive remuneration. From this, we have agreed that the following set of remuneration principles that apply equally to Executives and to employees at all levels of our workforce hierarchy remain relevant and appropriate.

REMUNERATION PRINCIPLES	
Alignment	Our remuneration programmes will align with Law Debenture's strategic priorities, of delivering capital growth and steadily increasing income to our shareholders.
Competitiveness	Total remuneration will be competitive but not extravagant for the role taking into account sector, complexity of responsibility and geography. When setting Executive Director pay, we will consider both external pay relativity and wider workforce remuneration and conditions.
Pay for performance	There should be no reward for failure, but the Executive Directors should be rewarded for the performance of the IPS business, which is central to Law Debenture's business model and unique identity.
Discretion	The Committee has discretion to adjust the formulaic bonus and the LTIP outcomes to reflect underlying Company performance. Any adjustments or discretion applied by the Committee will be fully explained in the following year's Annual Remuneration Report.

Committee Process to determine the new Remuneration Policy

In determining the 2026-28 Directors' Remuneration Policy, the Committee:

- Considered the Company's strategy, how the current Policy related to and supported this, and assessed what amendments were required to the Policy to further align it with the strategy;
- Considered feedback from shareholders and investor bodies on the Directors' Remuneration Reports over recent years;
- Sought advice from independent remuneration consultants on the remuneration requirements of the 2024 UK Corporate Governance Code and current investor priorities and guidelines, and market best practice in formulating the new Policy;
- Reviewed wider workforce remuneration and incentives to ensure consistent principles;
- Consulted Executive Directors on the proposed changes to the Policy; and
- Conducted a full consultation exercise with major shareholders on the changes.

The Committee was mindful in its deliberations on the new Policy of any potential conflicts of interest and sought to minimise them through an open and transparent consultation with the Executive Directors; by seeking independent advice from its external advisers; and, by undertaking a full shareholder consultation exercise.

Summary of changes to the Directors' Remuneration Policy

COO base salary re-positioning

CURRENT POLICY	PROPOSED CHANGES	RATIONALE
COO base salary currently £305,000, which is substantially below the market benchmark.	Re-position the base salary in stages over two years, subject to continued good performance in role: £350,000 in 2026 £375,000 in 2027	The Committee have reviewed benchmarking data for a peer group of mainly FTSE Small Cap companies. The COO current base salary, which is only 10.9% above the salary four years ago, is now not competitive in the market. The current situation is not consistent with the Company's values and does not support motivation, retention and, when necessary, recruitment of talent. Repositioning the salary in two stages is a balanced and considered approach to this transition.

Directors' Remuneration Report continued

SALARY AND BENEFITS	
Purpose	To provide an appropriate level of salary and competitive benefits package to attract and retain individuals of the required calibre to successfully deliver the business strategy.
Operation and opportunity	Salary increase percentages for Executive Directors and Senior Managers are determined at the discretion of the Committee but will normally not be higher than those of the wider workforce. Increases may be made above this level in certain circumstances, including (but not limited to): • An increase in scale, scope or responsibilities of the role; • To ensure salaries are market competitive; and • Where individuals have been recruited or promoted with salaries below the targeted policy level initially and have become more established in their role. Benefits may include (but are not limited to) private medical insurance, life insurance cover, disability income plan, season ticket loans and professional subscriptions. Other benefits may be introduced from time to time to ensure the benefits package is competitive and reflects the circumstances of the individual Director, for example relocation allowances. The Committee may award non-pensionable cash payments in lieu of one or more of these benefits. Benefits may vary by role and individual circumstance and are reviewed periodically.
Performance framework	None
Implementation in 2026	Denis Jackson's salary will be increased by 2.9% to £463,000. This increase is slightly below that of the wider workforce. His benefits are unchanged in 2026. The current base salary for Trish Houston (£305k) is substantially out of line with market norms. The salary will be re-positioned in stages over two years, subject to continued good performance in role: 2026: £350,000 2027: £375,000. Her benefits are unchanged in 2026.
PENSION	
Purpose	To provide funding for retirement at market competitive levels.
Operation and opportunity	Executive Directors may receive pension contributions to a personal Pension scheme and/or cash allowances in lieu of contributions. Executive Directors (including current incumbents and new Directors) to receive a contribution of 9% of base salary in line with the contribution for the majority of the workforce.
Performance framework	None
Implementation in 2026	Denis Jackson's pension contribution is unchanged in 2026. Trish Houston's pension contribution is unchanged in 2026.

Directors' Remuneration Report continued

ANNUAL BONUS	
Purpose	To incentivise and reward the achievement of annual business objectives to enable successful implementation of the Group strategy, and to align the interests of Executive Directors with shareholders and support retention.
Operation and opportunity	Financial and non-financial objectives, targets and metrics are set at the start of the year. Maximum individual annual bonus opportunity is 125% of base salary. 60% of maximum (equivalent to 75% of salary) is payable for financial performance. 40% of maximum (equivalent to 50% of salary) is payable for non-financial performance. Half of the portion of any bonus earned above £100,000 will be deferred in shares for three years. Dividend equivalents may accrue on deferred bonus awards and be paid on those shares which vest. The Plan contains malus and clawback provisions (see below for details). The total aggregate annual bonus payment for Executive Directors is capped at 25% of the general bonus pool for employees.
Performance framework	Performance versus financial and non-financial objectives is assessed at the end of each year to determine the award. The financial component of the bonus is calculated on a formulaic basis. Threshold and stretch financial performance levels of 5% to 12% annual growth in profits are applied, with a pay-out of 20% of maximum at minimum threshold performance rising to 100% of maximum at stretch performance, calculated on a straight-line basis. The Committee assesses performance against strategic objectives and associated targets and metrics to determine the non-financial component of the bonus to be awarded. The Committee has discretion to set suitable metrics and targets, and to adjust the formulaic bonus outcome to reflect underlying Company performance. Any adjustments or discretion applied by the Committee will be fully explained in the following year's Remuneration Report.
Implementation in 2026	The maximum individual annual bonus opportunity continues to be 125% of base salary for Denis Jackson. The maximum individual annual bonus opportunity continues to be 125% of base salary for Trish Houston.
LTIP	
Purpose	To drive sustained long-term performance that supports the creation of shareholder value, and to encourage and facilitate substantial long-term share ownership.
Operation and opportunity	An award of conditional shares or nil cost-options may be granted annually. Awards vest after three years, subject to performance and continued employment. Following vesting, an additional two-year holding period will apply (net of tax), such that shares are not released until five years from grant. Award levels and performance conditions are reviewed in advance of each grant to ensure they remain appropriate. At the Committee's discretion, an amount in shares or cash equal in value to the dividends payable may accrue on shares which have vested from the date of vesting until the end of the holding period.
Performance framework	The award is currently based on financial measures, normally profit-based measures linked to the IPS business. The Committee has the discretion to set suitable metrics and targets for each grant. The Committee has discretion to adjust the formulaic vesting to reflect underlying Company performance. Any adjustments or discretion applied by the Committee will be fully explained in the following year's Remuneration Report.
Implementation in 2026	The annual growth percentages at threshold and stretch for the 2026 grant are 4% and 14% respectively, with 20% vesting at threshold, based on profit before interest and tax. Denis Jackson will be awarded an LTIP of up to 150%, subject to meeting the performance conditions. Trish Houston will be awarded an LTIP of up to 150%, subject to meeting the performance conditions.

Directors' Remuneration Report continued

ALL EMPLOYEE PLANS	
Purpose	To encourage share ownership throughout the workforce.
Operation and opportunity	The Executive Directors are eligible to participate in an HMRC-approved Save As You Earn Share Save Plan ('SAYE') and/or Share Incentive Plan ('SIP') on the same basis as all other eligible UK employees. The Committee intends to maintain and operate these schemes in accordance with scheme rules and HMRC Regulations. The prevailing HMRC approved limits apply.
Performance framework	None
SHAREHOLDING REQUIREMENTS	
Purpose	To provide alignment between the interests of the Executive Directors and our other shareholders.
Operation and opportunity	The Executive Directors are required to build and maintain a minimum shareholding of two times base salary. Executive Directors are required to retain 50% of the post-tax number of vested shares from the Company incentive plans until the minimum shareholding requirement is met and maintained. On cessation of employment, Executive Directors are required to retain their minimum shareholding requirement immediately prior to departure for two years. Where their actual shareholding at departure is below the minimum shareholding requirement, the Executive Directors' actual shareholding is required to be retained on the same terms and for the same periods. The Company has established a process for monitoring and enforcement of in-role and post-cessation shareholding requirements.
Performance framework	None.
Implementation in 2026	No changes to the policy.

Consideration of shareholder views

The Remuneration Committee is committed to shareholder dialogue and engages with shareholders as appropriate to address any remuneration issues that arise in relation to the Executive Directors. Shareholders are given the opportunity to engage with decisions in relation to Executive Director pay at the AGM. The Chair of the Remuneration Committee welcomes the opportunity to hold individual meetings with shareholders, if requested, as outlined in the Directors' Report on page 69.

Any feedback provided is taken into account when developing Executive remuneration arrangements, in addition to guidelines of investor bodies. The Committee monitors trends and developments in corporate governance and market practice to ensure the structure of Executive remuneration remains appropriate and will undertake a shareholder consultation in advance of any material changes to the Remuneration Policy, as we have done for the new proposed Policy.

Minor amendments

The Committee may make minor amendments to the Policy set out above (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

Differences in remuneration policy for Executive Directors compared with other employees

In determining the remuneration arrangements for Executive Directors, the Committee considers pay and conditions of other employees across the business and aims to ensure a consistent approach. To facilitate this, the Committee receives information on wider workforce remuneration, ensuring a good understanding of the structure and application of the reward policies throughout the Group.

One of the Non-Executive Directors, Clare Askem, has responsibility for leading engagement with the workforce, including on remuneration matters. Various methods of communication (including presentations, email correspondence and availability for face-to-face meetings) may be utilised for this engagement.

The Company's approach to annual salary reviews is consistent across the Group, with consideration given to the level of experience, responsibility, individual performance and salary levels in comparable companies. Pension and principal benefits are also provided to all employees. All employees are eligible to participate in an annual bonus scheme with business area-specific metrics and individual performance taken into account where appropriate.

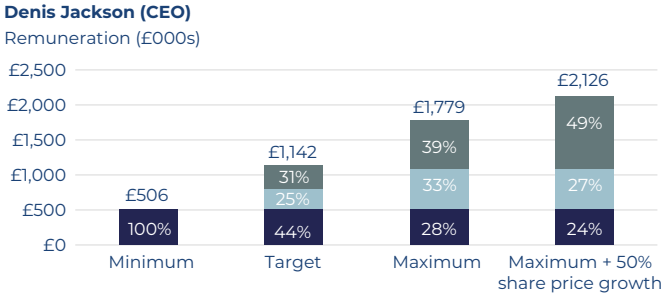
Directors' Remuneration Report continued

Senior Managers may be eligible to participate in the LTIP with annual awards up to 100% of base salary. Performance conditions are consistent for all participants, while award sizes vary by individual. Specific cash incentives are also in place to motivate, reward and retain staff below Board level.

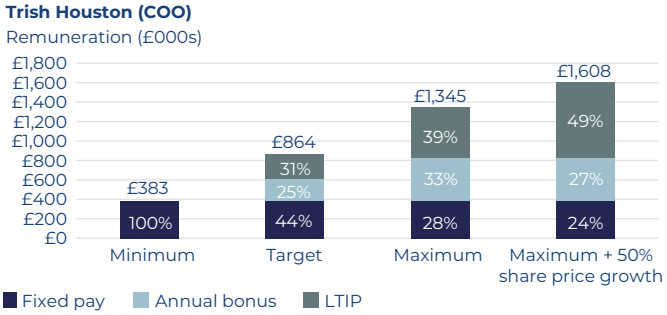
When determining incentive outcomes, the Remuneration Committee takes account of the Executive Directors' oversight of the Portfolio, as well as the performance of the IPS business. For all other employees, performance is primarily based on the IPS business. All UK employees are eligible to participate in the Company's SAYE and SIP schemes on the same terms.

Illustration of total remuneration opportunity for 2026

Denis Jackson (CEO)



Trish Houston (COO)



ELEMENT	ASSUMPTIONS
Total fixed pay	**Base salary**: CEO £463,000. COO £350,000.
	Pension: 9% of salary or cash equivalent.
	Benefits: As disclosed in single figure table on page 96.
Annual bonus	Minimum: No payout. On-target: 50% of maximum. Maximum: 100% of maximum (125% of salary).
LTIP	Minimum: No vesting. On-target: 50% of maximum. Maximum: 100% of maximum (150% of salary).
Share price growth	Calculated based on the impact of 50% share price appreciation on LTIP.

Directors' Remuneration Report continued

How do we safeguard against payments for failure?

SAFEGUARDING REQUIREMENTS	
Performance based pay	A significant portion of remuneration varies with performance – where performance targets are not achieved, lower or no payments will be made under the plans.
Discretion	The Committee will operate all incentive plans according to the rules and discretions contained therein to ensure that the implementation of the Remuneration Policy is fair, both to the individual Director and to the shareholders. The discretions cover aspects such as (but not limited to): • selection of participants; • timing of grant and vesting of awards; • size of awards (subject to the Policy limits); • choice of measures, weightings and targets; • determining level of payout or vesting based on an assessment of performance; • settlement of awards in cash or shares; • treatment of awards on termination of employment and change of control; • adjustment of awards in certain circumstances, e.g. changes in capital structure, demerger, special dividend, distribution or any other corporate event which may affect the current or future value of an award; • adjustments to take account of windfall gains on LTIP awards; • adjustment of performance conditions in exceptional circumstances provided the new targets are fair and reasonable and neither materially more or less challenging, in the context of exceptional circumstances, than the original targets; and • application of malus and/or clawback. Any such use of discretion will be fully disclosed in the subsequent annual report and may, as appropriate, be the subject of consultation with the Company's shareholders.
Malus and clawback	Malus is the adjustment of deferred annual bonus awards or unvested LTIP awards, because of the occurrence of one or more unforeseen circumstances. The adjustment may result in the value being reduced to nil. Clawback is the recovery of cash payments made under the annual bonus, deferred annual bonus award or vested LTIP awards as a result of the occurrence of one or more circumstances listed. Clawback may apply to all or part of a participant's payment or award and may be effected, among other means, by requiring the transfer of shares, payment of cash or reduction of awards or bonuses. The circumstances in which malus and clawback could apply are as follows: • gross misconduct; • misstatement of the financial results; • error in reporting or calculation; • serious reputational damage; or • corporate failure. Malus applies to deferred annual bonus awards and unvested LTIP awards up to the date of vesting. Clawback applies to cash annual bonus payments and vested LTIP awards for up to two years from payment or vesting. Annual bonus payments and LTIP awards are subject to malus and clawback for up to two years from payment of the bonus or vesting of shares.
Payments for loss of office	There were no payments to former Directors for loss of office.
Payments to past Directors	There were no payments to past Directors during the year.

Directors' Remuneration Report continued

Recruitment policy

When determining the remuneration arrangements of a new appointment to the Board, the Committee will seek to apply the following principles:

- Although we operate in a competitive market for talent, we are mindful to pay no more than is necessary to attract and retain high-quality talent;
- The Committee will appoint new Executive Directors with a package that is in line with the Remuneration Policy in place at the time, as indicated in the table below. In particular, the maximum level of variable remuneration will be in line with the limits set out in the Policy table.

External appointments

It is the Board's policy to allow the Executive Directors to take up one non-executive position on the board of another company, subject to the prior approval of the Board. Any fee earned in relation to outside appointments is retained by the Executive Director. During 2025, there were no external appointments held by the Executive Directors.

Approach on recruitment

ELEMENT	ASSUMPTIONS
Salary	• The base salaries of new appointees will be determined by reference to the individual's role and responsibilities, experience and skills, relevant market data and pay and conditions elsewhere in the Company. • Base salary may be higher or lower than the previous incumbent. Salaries may be set at a lower level initially with the intention of increasing salaries at a higher than usual rate as the executive gains experience in the role.
Pension	• New appointees will be eligible to receive pension contributions (or cash in lieu) in line with the Policy.
Benefits	• New appointees will be eligible to receive benefits in line with the Policy, including relocation benefits if the Committee deems it appropriate.
Annual bonus	• The structure described in the Policy table will normally apply to new appointees, with the relevant maximum being pro-rated to reflect the proportion of the year served. The Committee retains the flexibility to determine that for the first year of appointment any annual incentive award will be subject to such terms as it may determine.
LTIP	• New appointees will be eligible for awards under the LTIP which will normally be on the same terms as other executives, as described in the Policy table.

'Buy-out' awards

To facilitate recruitment, it may be necessary to 'buy-out' remuneration arrangements forfeited on leaving a previous employer. This will be considered on a case-by-case basis and may comprise cash or performance and non-performance related share awards and would be in such form as the Committee considers appropriate considering all relevant factors such as the form, performance conditions, expected value, anticipated vesting and timing of the forfeited remuneration. The Committee's intention is that the value awarded would be no more than the commercial value of the awards forfeited.

For internal promotions, the approach will be consistent with the policy for external appointees. Where an individual has contractual commitments made prior to their promotion to Executive Director level, the Company will continue to honour these arrangements.

Service contracts

Executive Director service contracts can be terminated by not less than six months' notice given in writing by either party to the contract, with no contractual provisions for compensation payable on early termination of the contract. The Directors are subject to annual re-election at the AGM. Directors' contracts are available to view at the Company's registered office.

Directors' Remuneration Report continued

Termination payments

Executive Directors may receive base salary, pension and benefits during the notice period, which may be paid during a period of 'garden leave' or 'payment in lieu of notice' (PILON) for all or part of any period of notice. Payments will normally be made in equal monthly instalments until the end of the notice period at the discretion of the Company, and Executive Directors will be expected to mitigate their loss. Individuals will be eligible for annual bonus only in respect of periods worked (i.e. excluding any periods of garden leave or PILON) subject to the normal performance conditions. Further detail on the treatment of annual bonus and LTIP for leavers is provided in the table below.

The Committee will seek to ensure that there are no unjustified payments for failure. There are no entitlements to payments of any sort in the event that for cause an Executive Director's employment is summarily terminated. In the event that an Executive Director is given notice of termination of employment within twelve months of any change in control of the Company, he/she will be given not less than twelve months' written notice and the same arrangements for receiving salary and benefits during this period will apply as described above.

The Committee may authorise payments for statutory entitlements in the event of termination, reasonable settlement of potential legal claims, and payment of reasonable reimbursement of professional fees in connection with such agreements.

PLAN	GOOD LEAVERS[1]	ALL OTHER LEAVERS	CHANGE OF CONTROL
Annual bonus	• Typically paid at the same time as continuing employees, to the extent that the performance conditions are achieved with pro-rating for the proportion of the financial year worked, unless the Committee determines otherwise. • Deferred bonus awards will continue until the normal vesting date or may vest earlier at the discretion of the Committee.	• No bonus payable. • Unvested deferred bonus awards lapse.	• Normally paid immediately on the effective date of change of control, subject to the extent of achievement of the performance conditions and pro-rated for the proportion of the year served to the date of change of control, unless the Committee determines otherwise. • Deferred bonus awards normally vest immediately in full on the effective date of change of control.
LTIP	• Unvested LTIP awards will typically vest on the normal vesting date, to the extent that the performance conditions are achieved with pro-rating for the proportion of the performance period served, unless the Committee determines otherwise. • Vested awards will remain subject to any post-vesting holding period.	• Unvested awards lapse. • Vested awards will remain subject to any holding period.	• Unvested LTIP awards will typically vest immediately in full on the effective date of change of control, subject to the Committee's assessment of the achievement of the performance conditions and pro-rated for the proportion of the performance period served to the date of change of control, unless the Committee determines otherwise. • The post-vesting holding period applicable to any awards will end at the time of change in control. • Alternatively, awards may be exchanged for new equivalent awards in the acquiring company.

1 The Committee has discretion to determine that an Executive Director is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders. A good leaver is typically defined as an employee who ceases to hold employment by reason of: death, injury, ill-health or disability; retirement with the agreement of the Group; redundancy; the participant's employing Company being transferred to an entity which is not a Group member; transfer of undertaking; or any other reason at the Committee's discretion.

Directors' Remuneration Report continued

Policy for Board Chair and Non-Executive Directors

The Non-Executive Directors, including the Board Chair, do not have service contracts and are appointed for an indefinite term. Non-Executive Directors are not entitled to compensation on termination of their Directorship, no matter what the reason for termination. The Directors are subject to annual re-election at the AGM. Non-Executive Directors' letters of appointment are available to view at the Company's registered office.

Non-Executive Directors are not eligible to join the Company's pension scheme or participate in any bonus scheme or share incentive plans. Any reasonable expenses that they incur in the furtherance of their duties are reimbursed by the Company (including any tax liability thereon).

PURPOSE AND LINK TO STRATEGY	OPERATION	FEE LEVELS
To attract and retain Non-Executive Directors of the required calibre by offering market competitive fees.	The Board Chair is paid a single annual all-inclusive fee for all Board responsibilities. Non-Executive Directors receive a base annual Board fee. Additional fees may be payable for additional Board responsibilities such as Chairship of a sub-committee of the Board, the role of Senior Independent Director, or the role of 'Workforce Engagement NED'. The Board Chair's fee is determined by the Committee (excluding the Board Chair), and fees for Non-Executive Directors are determined by the Board (excluding the respective Non-Executive Directors). Fees are reviewed periodically, considering time commitment, scope and responsibilities, and appropriate market data. Expenses incurred in the performance of non-executive duties for the Company may be reimbursed or paid for directly by the Company, including any tax due thereon.	Fee levels are disclosed in the Directors' Remuneration Report and reviewed periodically. Any fee increases may take into account material misalignment with the market or a change in the complexity, responsibility or time commitment required to fulfil the role. The Board may make appropriate adjustments to fee levels to ensure they remain market competitive and fair to the Director. Fees may be paid in the form of cash and/or shares. The Board may, in exceptional circumstances, award additional fees to recognise significant additional responsibilities or time commitment required of individuals. The maximum annual aggregate fee for all Non-Executive Directors will be within any limits set out in the Company's Articles of Association.

This report was approved by the Board of Directors on 10 March 2026 and signed on its behalf by:

Claire Finn
Chair, Remuneration Committee

FINANCIAL STATEMENTS

Mike Smedley,
'Ammonite'

Independent Auditor's Report

to the Members of The Law Debenture Corporation p.l.c.

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of The Law Debenture Corporation p.l.c. (the 'Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2025 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB);
- the Company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by IASB and, as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of profit and loss;
- the consolidated statement of comprehensive income;
- the statement of financial position;
- the consolidated statement of changes in equity;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 29.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by IASB and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Company for the year are disclosed in note 3 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Company.

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

Independent Auditor's Report continued

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • valuation and existence of quoted investments; and • occurrence of independent professional services fees. Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was £12.0m which was determined on the basis of 1% of net assets.
Scoping	We focused our Group audit scope primarily on the audit work at the Company and six of the largest subsidiary companies in the Group. These seven entities represent the principal operating companies and account for 99.6% of the Group's total assets and 95.2% of the Group's total income. Audit work to respond to the risks of material misstatement identified was performed directly by the Group audit engagement team.
Significant changes in our approach	There were no significant changes in our approach.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

- assessing the directors considerations regarding whether they consider it appropriate to adopt the going concern basis of accounting;
- assessing the compliance with covenants attached to long-term borrowing including the headroom associated with the covenants;
- assessing the liquidity of the assets of the Group and whether there is sufficient liquidity for the Group to continue to operate and meet its financial obligation;
- evaluating Directors' plans for future actions in relation to their going concern assessment; and
- assessing the appropriateness of the going concern disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report continued

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation and existence of quoted investments

Key audit matter description	The investments of the Group of £1,357.6m (2024: £1,042.1m) are key to its performance and account for the majority of the total assets, 93.9% at 31 December 2025 (2024: 92.6%). Quoted investments amounts to 99.6% of the total investments and are valued at their fair value, which is represented by the market bid price. These are listed on recognised exchanges are valued at the closing bid price at the year end. Please see the accounting policy in note 1 and note 13. There is a risk that quoted investments within the portfolio may not be actively traded and the prices quoted may not be reflective of fair value. Additionally, there is a risk that the quoted investments recorded may not represent property of the Group and the Company. There is a risk that the investment valuation and investment existence be manipulated by applying an incorrect share price and number of shares. This could result in material misstatement of the net asset value of the Group.
How the scope of our audit responded to the key audit matter	We have performed the following procedures to test the valuation and existence of quoted investments at 31 December 2025: • Obtained an understanding of the relevant controls over valuation and existence of quoted investments; • Agreed 100% of the Company's investment portfolio at the year-end to confirmations received directly from the custodian; • Independently agreed 100% of the bid prices of quoted investments on the investment ledger at year end to closing bid prices published by an independent pricing source; and • Assessed the liquidity of samples of the quoted holdings at year-end by comparing the holding size to the shares traded after the year end to determine if the valuation is reflective of quoted prices in an active market • Evaluated the completeness and appropriateness of disclosures in relation to fair value measurements and liquidity risk; and • Tested the accuracy of a sample of purchases and sales of quoted investments by comparing its amount to the bank statements.
Key observations	Based on the work performed we concluded that the valuation and existence of quoted investments is appropriate.

5. Key audit matters continued

5.2. Occurrence of independent professional services fees

Key audit matter description	Independent professional services ("IPS") revenue consists of fees receivable from the provision of services, and is recognised based on the delivery of performance obligations and an assessment of when control is transferred to the customer. The basis of fees vary across the various divisions of IPS, increasing the relative risk of misstatement. The accounting policy for revenue recognition is detailed in note 1 and note 6 to the financial statements. Fees of £66.7m were recorded for the year-ended 31 December 2025 (2024: £61.7m). The fees require the implementation of appropriately authorised client contracts for services performed by the Group, as well as appropriate accounting treatment in line with IFRS 15 "Revenue from contracts with customers". Revenue is a balance of key importance to stakeholders and impacts long-term incentives. Additionally, recording revenue which did not occur could have a significant impact on the Group's earnings per share. Given the manual processes involved in accounting for this revenue, we consider occurrence of IPS fees to be a key audit matter.
How the scope of our audit responded to the key audit matter	We have performed the following procedures to test the occurrence of independent professional services fees for the year: • We obtained an understanding of the relevant controls over the occurrence of IPS fees; • We independently agreed a sample of fees to client agreements, sales invoices and bank receipts as evidence that the transaction occurred. Where amendments were made to client agreements, we assessed whether these had been recorded accurately and timely; and • Finally, we evaluated whether revenue recorded is in compliance with IFRS 15 for revenue recognition criteria.
Key observations	Based on our work, we concluded that independent professional service fees are appropriately recorded.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

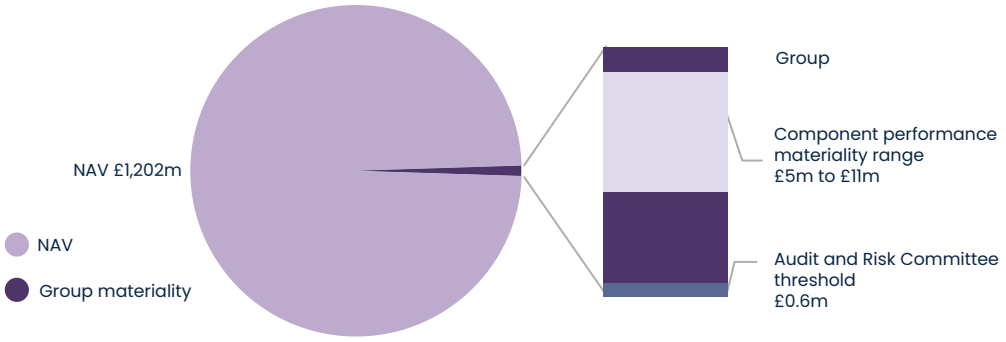
Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Materiality	£12.0m (2024: £9.3m)	£10.8m (2024: £8.4m)
Basis for determining materiality	1% (2024: 1%) of net assets as at the year end.	Company materiality equates to 0.9% (2024: 0.9%) of net assets, which is capped at 90% of Group materiality.
Rationale for the benchmark applied	Net assets has been chosen as a benchmark as it is considered the most relevant benchmark for investors and is a key driver of shareholder value.	Company materiality has been capped at 90% Group materiality to ensure errors identified in the parent entity that may present an aggregate risk of material misstatement to the Group financial statements are detected.

Independent Auditor's Report continued

6. Our application of materiality continued

6.1. Materiality continued



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Company financial statements
Performance materiality	70% (2024: 70%) of Group materiality	70% (2024: 70%) of Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • our understanding of the entity, its environment and the investment company sector; • the quality of the entity's internal controls over financial reporting; • significant control deficiencies identified in previous audits; • the nature, volume and size of misstatements (corrected and uncorrected) in the previous audit; and • management's willingness to correct misstatements identified.	

6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £0.6m (2024: £0.4m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

The organisation is headquartered and operates principally out of the UK, but also operates subsidiaries in United Kingdom, Ireland, Hong Kong, Cayman Islands, Channel Islands and the United States.

In determining the scope of work to be performed on specific components of the Group, we considered risk associated with account balances and classes of transactions scoped for the Group audit to reduce to an acceptably low level, the risk of material misstatements in account balances and the classes of transactions.

Based on that assessment, we focused our Group audit scope primarily on the audit work at the Company and six of the largest subsidiary companies in the Group, which were subject to specified audit procedures where the extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the Group's operations in each of those entities. All other subsidiaries were subject to Group-wide analytical review procedures.

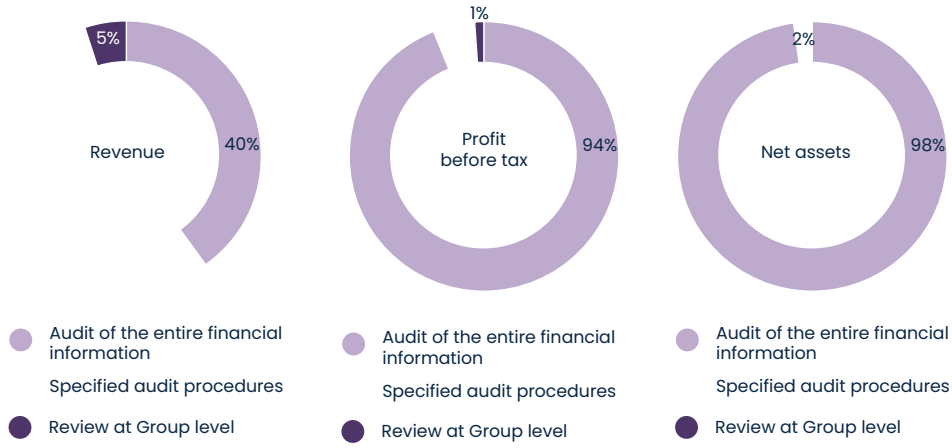
Independent Auditor's Report continued

7. An overview of the scope of our audit continued

7.1. Identification and scoping of components continued

These seven entities represent the principal operating companies and account for 99.6% of the Group's total assets, 99.7% of the Group's net assets, 95.2% of the Group's revenue and 99.6% of the Group's profit before tax. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work at the six subsidiaries was executed at levels of component performance materiality which were lower than Group materiality and were capped at £5.0m for all components. Company materiality is set out at section 6 above.

Audit work to respond to the risks of material misstatement identified was performed directly by the Group audit engagement team.



7.2. Our consideration of the control environment

In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements.

The Group continues to develop its assessment of the potential impacts of environmental, social and governance ("ESG") related risks, including climate change, as outlined on page 62. As a part of our audit, we have obtained Group management's climate-related risk assessment documentation and held discussions with the Group ESG Manager to understand the process of identifying climate-related risks, the determination of mitigating actions and the impact on the Group's financial statements. We also reviewed the financial statement disclosures on the impact of climate-related risks (as disclosed on page 128) and evaluated whether the disclosure was appropriate.

We performed our own qualitative risk assessment of the potential impact of climate change on the Group's account balances and classes of transactions, including an assessment of how the potential impacts of climate change affect the financial statements, in particular judgements and estimates made in the recognition and measurement of assets and liabilities and related disclosures. These risk assessment procedures did not identify any additional risks of material misstatement.

Independent Auditor's Report continued

8. Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, the directors and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;

11. Extent to which the audit was considered capable of detecting irregularities, including fraud continued

11.1. Identifying and assessing potential risks related to irregularities continued

- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
    - o identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - o detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
    - o the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists including tax, valuations, IT and pensions specialist regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- valuation and existence of quoted investments; and
- occurrence of independent professional service fees.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, UK Listing Rules, pensions legislation, tax legislation and matters regulated by the Financial Conduct Authority ("FCA") (the Group's lead regulator).

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Group's operating licence and regulatory solvency requirements.

11.2. Audit response to risks identified

As a result of performing the above, we identified (i) valuation and existence of quoted investments and (ii) occurrence of independent professional services fees as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- enquiring of management and the Audit and Risk Committee regarding their identification and assessment of risks of irregularities, including those that are specific to the entity's business sector;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, FCA and other regulators globally; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Independent Auditor's Report continued

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate governance statement

The UK Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 67;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 74;
- the directors' statement on fair, balanced and understandable set out on page 70;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 44-48;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 42-44; and
- the section describing the work of the Audit and Risk Committee set out on page 80-83.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Independent Auditor's Report continued

14. Matters on which we are required to report by exception continued

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the Audit and Risk Committee, we were appointed by the Audit and Risk Committee on 1 October 2021 to audit the financial statements for the year ending 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is five years, covering the years ending 31 December 2021 to 31 December 2025.

15.2. Consistency of the audit report with the additional report to the Audit and Risk Committee

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

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

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

Andrew Partridge, CA (Senior statutory auditor)
For and on behalf of Deloitte LLP

Statutory Auditor
Glasgow, United Kingdom

10 March 2026

Sara Leacroft
'Sands of change'

Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

		2025			2024		
	Notes	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
UK dividends		**37,172**	**–**	**37,172**	32,328	–	32,328
UK special dividends		**457**	**589**	**1,046**	–	1,432	1,432
Overseas dividends		**2,655**	**–**	**2,655**	2,373	–	2,373
Total dividends income		**40,284**	**589**	**40,873**	34,701	1,432	36,133
Interest income	**5**	**1,263**	**–**	**1,263**	739	–	739
Independent professional service fees	**6**	**66,699**	**–**	**66,699**	61,659	–	61,659
Other Income		**2,752**	**–**	**2,752**	1,204	–	1,204
Total income		**110,998**	**589**	**111,587**	98,303	1,432	99,735
Net gain on investments held at fair value through P&L	**2**	**–**	**262,650**	**262,650**	–	76,301	76,301
Total income and capital gains		**110,998**	**263,239**	**374,237**	98,303	77,733	176,036
Cost of sales		**(9,569)**	**–**	**(9,569)**	(8,212)	–	(8,212)
Goodwill impairment	**10**	**–**	**–**	**–**	–	(17,037)	(17,037)
Administrative expenses	**3**	**(47,265)**	**(3,120)**	**(50,385)**	(42,685)	(2,706)	(45,391)
Operating profit		**54,164**	**260,119**	**314,283**	47,406	57,990	105,396
Interest payable	**5**	**(2,306)**	**(4,908)**	**(7,214)**	(1,640)	(4,908)	(6,548)
Profit before taxation	**6**	**51,858**	**255,211**	**307,069**	45,766	53,082	98,848
Taxation	**7**	**(2,399)**	**–**	**(2,399)**	(1,897)	–	(1,897)
Profit for the year	**6**	**49,459**	**255,211**	**304,670**	43,869	53,082	96,951
Return per ordinary share (pence)	**9**	**37.26**	**192.28**	**229.54**	33.48	40.51	73.99
Diluted return per ordinary share (pence)	**9**	**37.26**	**192.24**	**229.50**	33.48	40.51	73.99

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

		2025			2024		
GROUP	Notes	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Profit for the period		**49,459**	**255,211**	**304,670**	43,869	53,082	96,951
Foreign exchange (loss) on translation of foreign operations		**(488)**	**(66)**	**(554)**	(219)	(4,541)	(4,760)
Pension actuarial gains	**23**	**1,718**	**–**	**1,718**	2,738	–	2,738
Taxation	**7**	**(529)**	**–**	**(529)**	(499)	–	(499)
Other Comprehensive income/ (loss) for the year		**701**	**(66)**	**635**	2,020	(4,541)	(2,521)
Total comprehensive income for the period		**50,160**	**255,145**	**305,305**	45,889	48,541	94,430

Statement of Financial Position

As at 31 December 2025

		GROUP			COMPANY		
Non current assets	**Notes**	**31 Dec 2025 £000**	Restated* 31 Dec 2024 £000	Restated* 1 Jan 2024 £000	**31 Dec 2025 £000**	Restated* 31 Dec 2024 £000	Restated* 1 Jan 2024 £000
Goodwill	10	**1,937**	1,976	19,006	**–**	–	–
Property, plant and equipment	11	**1,480**	1,958	2,267	**–**	–	–
Right-of-use assets	22	**3,233**	3,822	4,131	**–**	–	–
Other intangible assets	12	**1,831**	2,631	3,034	**16**	16	16
Investments held at fair value through profit or loss	13	**1,357,645**	1,042,039	965,226	**1,357,645**	1,041,938	965,126
Investments in subsidiary undertakings	13	**–**	–	–	**61,071**	61,176	61,368
Retirement benefit asset	23	**12,531**	10,475	7,440	**–**	–	
Total non-current assets		**1,378,657**	1,062,901	1,001,104	**1,418,732**	1,103,130	1,026,510
Current assets							
Trade and other receivables	14	**14,647**	17,758	21,496	**4,003**	2,700	3,014
Contract assets	14	**7,239**	6,659	8,604	**246**	4	–
Corporation tax receivable		**1,263**	–	–	**–**	–	–
Cash and cash equivalents	15	**43,775**	38,354	31,439	**26,047**	26,453	12,382
Total current assets		**66,924**	62,771	61,539	**30,296**	29,157	15,396
Total assets		**1,445,581**	1,125,672	1,062,643	**1,449,028**	1,132,287	1,041,906
Current liabilities							
Amounts owed to subsidiary undertakings	19	**–**	–	–	**29,186**	25,537	18,558
Trade and other payables	16	**9,786**	8,382	12,550	**1,909**	1,182	1,020
Lease liability	22	**708**	1,018	1,025	**–**	–	–
Corporation tax payable		**–**	2,297	2,198	**–**	–	–
Other taxation including social security		**1,815**	2,266	1,842	**–**	25	839
Contract liabilities	16	**7,696**	8,996	8,000	**11**	10	8
Total current liabilities		**20,005**	22,959	25,615	**31,106**	26,754	20,425
Non-current liabilities and deferred income							
Borrowings	20	**213,918**	163,868	163,889	**174,313**	124,295	124,343
Contract liabilities	16	**3,481**	1,866	2,403	**–**	–	–
Deferred tax liability	7	**2,572**	1,418	1,788	**–**	–	–
Lease Liability	22	**3,530**	4,190	4,716	**–**	–	–
Total non-current liabilities		**223,501**	171,342	172,796	**174,313**	124,295	124,343
Total net assets		**1,202,075**	931,371	864,232	**1,243,609**	981,238	897,138
Equity							
Called up share capital	17	**6,696**	6,626	6,557	**6,696**	6,626	6,557
Share premium		**11,144**	119,449	107,110	**11,144**	119,449	107,110
Special Reserve (Non-Distributable)		**160**	–	–	**160**	–	–
Own shares	17	**(5,770)**	(5,156)	(3,926)	**–**	–	–
Capital redemption		**8**	8	8	**8**	8	8
Translation reserve		**7,197**	7,197	2,659	**–**	–	–
Capital reserves	18	**997,962**	742,817	694,276	**1,065,136**	810,265	740,145
Retained earnings		**184,678**	60,430	57,548	**160,465**	44,890	43,318
Total equity		**1,202,075**	931,371	864,232	**1,243,609**	981,238	897,138
Total equity pence per share		**902.58**	706.18	661.73			

* Restated as per Note 29.

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own income statement. However, its profit for the year was £297,507k (2024: profit £114,793k). The financial statements were approved by the Board of Directors and authorised for issue on 10 March 2026. They were signed on its behalf by:

R. Hingley, Board Chair | **D. Jackson,** Chief Executive Officer

The Law Debenture Corporation p.l.c. registered number 00030397

Consolidated Statement of Changes in Equity

As at 31 December 2025

Group Statement of Changes in Equity	Share capital £000	Share premium £000	Own shares £000	Special Reserve (Not Dist.) £000	Capital redemption £000	Translation reserve £000	Capital reserves £000	Retained earnings £000	Total £000
Balance at 1 January 2025 (Restated)	**6,626**	**119,449**	**(5,156)**	**–**	**8**	**7,197**	**742,817**	**60,430**	**931,371**
Profit for the period	–	–	–	–	–	–	**255,211**	**49,459**	**304,670**
Foreign exchange & other	–	–	–	–	–	–	**(66)**	**(488)**	**(554)**
Actuarial gain on pension scheme (net of tax)	–	–	–	–	–	–	–	**1,189**	**1,189**
Total comprehensive profit for the period	–	–	–	–	–	–	**255,145**	**50,160**	**305,305**
Issue of shares	**70**	**11,573**	**(614)**	–	–	–	–	–	**11,029**
Dividends relating to 2024	–	–	–	–	–	–	–	**(23,203)**	**(23,203)**
Dividends relating to 2025	–	–	–	–	–	–	–	**(22,427)**	**(22,427)**
Transfer from share premium (note 26)	–	**(119,878)**	–	**160**	–	–	–	**119,718**	–
Total equity at 31 December 2025	**6,696**	**11,144**	**(5,770)**	**160**	**8**	**7,197**	**997,962**	**184,678**	**1,202,075**

Group Statement of Changes in Equity	Share capital £000	Share premium £000	Own shares £000	Special Reserve (Not Dist.) £000	Capital redemption £000	Translation reserve £000	Capital reserves £000	Retained earnings £000	Total £000
Balance at 1 January 2024	6,557	107,110	(3,926)	–	8	2,659	694,276	47,545	854,229
Effect of accrued dividend restatement (Note 29)	–	–	–	–	–	–	–	10,003	10,003
Balance at 1 January 2024 (Restated)	6,557	107,110	(3,926)	–	8	2,659	694,276	57,548	864,232
Profit for the period	–	–	–	–	–	–	53,082	43,869	96,951
Deconsolidation of liquidated entities	–	–	–	–	–	4,538	(4,538)	–	–
Foreign exchange & other	–	–	–	–	–	–	(3)	(219)	(222)
Actuarial gain on pension scheme (net of tax)	–	–	–	–	–	–	–	2,239	2,239
Total comprehensive profit for the period	–	–	–	–	–	4,538	48,541	45,889	98,968
Issue of shares	69	12,339	(1,230)	–	–	–	–	–	11,178
Dividends relating to 2023 (Restated)	–	–	–	–	–	–	–	(21,974)	(21,974)
Dividends relating to 2024 (Restated)	–	–	–	–	–	–	–	(21,033)	(21,033)
Total equity at 31 December 2024	6,626	119,449	(5,156)	–	8	7,197	742,817	60,430	931,371

Capital reserves comprise realised and unrealised gains and losses on investments held at fair value (see note 18).

Please refer to Note 8 for details of dividends paid.

Please refer to Note 29 for restatement of retained earnings.

Statement of Changes in Equity

As at 31 December 2025

Company Statement of Changes in Equity	Share capital £000	Share premium £000	Special Reserve (Not Dist.) £000	Capital redemption £000	Capital reserves £000	Retained earnings £000	Total £000
Balance at 1 January 2025 (Restated)	**6,626**	**119,449**	**–**	**8**	**810,265**	**44,890**	**981,238**
Profit for the period	**–**	**–**	**–**	**–**	**255,211**	**42,296**	**297,507**
Foreign exchange & other	**–**	**–**	**–**	**–**	**(340)**	**(809)**	**(1,149)**
Total comprehensive profit for the period	**–**	**–**	**–**	**–**	**254,871**	**41,487**	**296,358**
Issue of shares	**70**	**11,573**	**–**	**–**	**–**	**–**	**11,643**
Dividend relating to 2024	**–**	**–**	**–**	**–**	**–**	**(23,203)**	**(23,203)**
Dividends relating to 2025	**–**	**–**	**–**	**–**	**–**	**(22,427)**	**(22,427)**
Transfer from share premium (note 26)	**–**	**(119,878)**	**160**	**–**	**–**	**119,718**	**–**
Total equity at 31 December 2025	**6,696**	**11,144**	**160**	**8**	**1,065,136**	**160,465**	**1,243,609**

Company Statement of Changes in Equity (Restated)	Share capital £000	Share premium £000	Special Reserve (Not Dist.) £000	Capital redemption £000	Capital reserves £000	Retained earnings £000	Total £000
Balance at 1 January 2024	6,557	107,110	–	8	740,146	33,315	887,135
Effect of accrued dividend restatement (Note 29)	–	–	–	–	–	10,003	10,003
Balance at 1 January 2024 (Restated)	6,557	107,110	–	8	740,146	43,318	897,138
Profit for the period	–	–	–	–	70,119	44,674	114,793
Foreign exchange & other	–	–	–	–	–	(95)	(95)
Total comprehensive profit for the period	–	–	–	–	70,119	44,579	114,698
Issue of shares	69	12,339	–	–	–	–	12,408
Dividend relating to 2023 (Restated)	–	–	–	–	–	(21,974)	(21,974)
Dividends relating to 2024 (Restated)	–	–	–	–	–	(21,033)	(21,033)
Total equity at 31 December 2024	6,626	119,449	–	8	810,265	44,890	981,238

Capital reserves comprise realised and unrealised gains and losses on investments held at fair value (see note 18).

Please refer to note 8 for details of dividends paid.

Please refer to note 29 for restatement of retained earnings.

Cash Flow Statement

For the year ended 31 December 2025

	Notes	GROUP 2025 £000	GROUP 2024 £000	COMPANY 2025 £000	COMPANY 2024 £000
Cash flows from operating activities	28	**16,937**	11,070	**(6,640)**	(6,319)
Cash dividends received		**39,568**	36,578	**47,772**	50,828
Interest received	5	**647**	–	**146**	–
Taxation paid		**(5,332)**	(770)	**–**	–
Cash generated from operating activities		**51,820**	46,878	**41,278**	44,509
Investing activities					
Acquisition of property, plant and equipment	11	**(155)**	(268)	**–**	–
Expenditure on intangible assets	12	**(337)**	(275)	**–**	–
Purchase of investments (less cost of acquisition)	13	**(185,522)**	(193,394)	**(185,522)**	(193,394)
Sale of investments	13	**132,566**	192,881	**132,566**	192,881
Interest received	5	**–**	739	**-**	449
Cash flow from investing activities		**(53,448)**	(317)	**(52,956)**	(64)
Financing activities					
Interest paid		**(7,131)**	(6,294)	**(7,240)**	(6,652)
Dividends paid	8	**(45,630)**	(43,012)	**(45,630)**	(43,012)
Payment of lease liabilities	22	**(1,256)**	(1,295)	**–**	–
Proceeds from issuance of share capital		**11,643**	12,408	**11,643**	12,408
Purchase of own shares	17	**(614)**	(1,230)	**–**	–
Proceeds from new loans		**50,000**	–	**50,000**	–
Movement in amounts owed to subsidiary undertakings		**–**	–	**2,501**	6,977
Net cash flow from financing activities		**7,012**	(39,423)	**11,274**	(30,279)
Net increase/(decrease) in cash and cash equivalents		**5,384**	7,138	**(404)**	14,166
Cash and cash equivalents at beginning of year		**38,354**	31,439	**26,453**	12,382
Foreign exchange losses on cash and cash equivalents		**37**	(223)	**(2)**	(95)
Cash and cash equivalents at end of period		**43,775**	38,354	**26,047**	26,453

Notes to the Accounts

For the year end 31 December 2025

1. Summary of significant accounting policies

General information

The Law Debenture Corporation p.l.c. ('the Company') is a public company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The Law Debenture Corporation p.l.c. is the ultimate parent entity. The operations and principal activities of the Company and its subsidiaries ('the Group') are as an investment trust and the provider of independent professional services.

These financial statements are presented in sterling £000, which is the currency of the primary economic environment in which the Group operates and are rounded to the nearest thousand. Foreign operations are included. The address of the registered office is given on page 172.

Guarantees issued to subsidiaries

For the year ended 31 December 2025, the following subsidiaries of the Company were granted to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies. The Company has given a statement of guarantee under s479C of the Companies Act 2006, whereby the Company guarantees all outstanding liabilities to which the respective subsidiary companies are subject to as at 31 December 2025:

	Country of incorporation	Registered number
Law Debenture Corporation (Deutschland) Limited	UK	04019781
Law Debenture Governance Services Limited	UK	07466833
LDC (NCS) Limited	UK	07384180
Law Debenture Intermediary Corporation p.l.c.	UK	01525148
Law Debenture Trustees Limited	UK	00625705
Safecall Limited	UK	03769031
L.D.C. Trust Management Limited	UK	01234879
Pegasus Pensions p.l.c.	UK	11429849
Law Debenture Corporate Services Limited	UK	03388362
LDC (DANTC) Limited	UK	14075632
Westminster Aviation Holdings Limited	UK	13636676
Trimcomlee Limited	UK	15985768

In addition to this, the Company has provided a Letter of Support to the Directors of certain subsidiaries to confirm its continued commitment to the subsidiaries for a period of not less than 12 months.

Basis of preparation

The financial statements of The Law Debenture Corporation p.l.c. and the Group have been prepared in accordance with United Kingdom adopted international accounting standards and with International Financial Reporting Standards as issued by the IASB.

The accounts have been prepared under the historical cost basis of accounting, modified to include the revaluation of investment at fair value at the end of each reporting period as explained in the accounting policies below.

The assets, liabilities and contingent liabilities of subsidiaries and businesses are measured at their fair values at the date of acquisition. Any excess consideration over the fair values of the identifiable net assets acquired is recognised as goodwill.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. The financial statements of subsidiaries are adjusted, where necessary, to ensure the accounting policies used are consistent with those adopted by the Group.

Climate risks have been considered in the preparation of these financial statements. Following a review of the potential impact of climate risk on the Company's financial statements, the Directors are satisfied there is no adjustment required to the carrying value of assets and liabilities.

Where presentational guidance set out in the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts (issued December 2025) ('SORP') is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The principal accounting policies adopted are set out below.

1. Summary of significant accounting policies continued

Going concern

The Directors have considered the impact of the current economic uncertainty, across the Group, including cash flow forecasting, balance sheet review at entity level, a review of covenant compliance including the headroom above the covenants and an assessment of the liquidity of the Portfolio. Whilst the debentures held are subject to covenants, the Directors are comfortable that the risk of breach is minimal, and the current economic environment does not create material uncertainty for the Group.

The assets of the Group consist largely of securities that are readily realisable, and it will be able to meet its financial obligations, including the repayment of the debenture interest, as they fall due for a period of at least twelve months from the date of approval of the financial statements.

Accordingly, the Directors believe that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements.

Having assessed these factors and the principal risks, the Directors are not aware of any other material uncertainties that cast significant doubt on the Group's ability to continue as a going concern.

Adoption of new and revised IFRS Standards

The following revised IFRS Accounting Standards have been implemented by the Group during the year:

- Amendment to IAS 21 The Effect of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments to IAS 21) – effective 1 January 2025.

This has not had a material impact on the Group's Financial Statements.

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) – effective 1 January 2026;
- Annual Improvements to IFRS Accounting Standards – Volume 11 – effective 1 January 2026;
- Presentation and Disclosure in Financial Statements (IFRS 18) – effective 1 January 2027; and
- Subsidiaries without Public Accountability (IFRS 19) – effective 1 January 2027.

The standards, amendments or interpretations listed above are not expected to have a material impact on the Group.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In accordance with IFRS 13, the Group classifies fair value measurements using a hierarchy that reflects the significance of the inputs used in making those measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The level within which a financial instrument is classified is determined based on the lowest significant input to the fair value measurement, as follows:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Group can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment wherever available.

Level 2 inputs are observable inputs other than quoted prices included within Level 1, such as credit spreads and interest rates observable for similar instruments in the market. These may require some adjustment to reflect differences between the observed instruments and the instrument being fair valued.

Level 3 inputs are unobservable, used to measure fair value only to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

1. Summary of significant accounting policies continued

Presentation of income statement and statement of comprehensive income

In order to better reflect the activities of an investment trust company and in accordance with the SORP, supplementary information which analyses the income statement and statement of comprehensive income between items of a revenue and capital nature has been presented. Additionally, the net revenue is the measure the Directors believe appropriate in assessing the Group's compliance with certain requirements set out in Sections 1158-1159 of the Corporation Tax Act 2010.

The allocation of investment trust long-term finance costs and investment management fees between the revenue and the capital columns in the income statement reflects the expected split of future returns between income and capital. The proportional split is:

- Revenue 25% (2024: 25%)
- Capital 75% (2024: 75%).

Segment reporting

Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the Directors in deciding how to allocate resources and in assessing performance. The Executive Leadership team, comprising the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Chief Technology Officer are together the Chief Operating Decision Makers of the Group and determine the appropriate operating segments to monitor financial performance. They have determined that the Group comprises two reportable operating segments; the Portfolio and independent professional services ('IPS') business, determined by the management information reviewed by the Board. We believe these are distinctive in nature due to their inherent characteristics.

The IPS business derives its revenue from providing services to clients. On the contrary, the Portfolio derives dividend income from investments held. Additionally, it aims to create value for investors through long-term capital growth. It is these characteristics that distinguishes the Group into two clear segments.

The Board evaluates segmental performance based on revenue, profit before interest and tax (PBIT), along with segment assets and liabilities and APMs of the investment trust detailed on pages 167 to 170.

Foreign currencies

Transactions recorded in foreign currencies are translated into sterling at the exchange rate ruling on the date of the transaction.

Assets and liabilities denominated in foreign currencies at the reporting date are translated into sterling at the exchange rate ruling at that date. Gains and losses on translation are included in profit or loss for the period, however exchange gains or losses on investments held at fair value through profit or loss are included as part of their fair value gain or loss.

The assets and liabilities of overseas subsidiaries are translated at exchange rates prevailing on the reporting date. Income and expenses of overseas subsidiaries are translated at the average exchange rates for the period. Exchange differences arising from the translation of net investment in foreign subsidiaries are recognised in the statement of comprehensive income and transferred to the Group's translation reserve.

Revenue recognition

The Group generates revenue from the Portfolio and the IPS business. Revenues are largely generated in the form of dividend income from the Portfolio and also fees and charges for delivering professional services to clients from the individual IPS business comprising, Company Secretarial Services, Corporate Trust, Pensions, Safecall, Structured Finance and Service of Process.

Investment Trust

Dividend Income

Dividend income from investments is recognised when the Company's right to receive payment has been established, typically on the ex-dividend date in accordance with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts (issued December 2025) ('SORP'). Dividend income is recognised as revenue, except where, in the opinion of the Directors, its nature indicates it should be recognised as capital.

Dividend income is accounted for on the basis of income actually receivable, without adjustment for any tax credit attaching to the dividends.

Where the Company has elected to receive its dividends in the form of additional shares rather than in cash (scrip dividends), the amount of the cash dividend foregone is recognised as income.

Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised as capital.

1. Summary of significant accounting policies continued

Revenue recognition continued

Independent Professional Services

The Group recognises revenue in accordance with IFRS 15 Revenue from Contracts with Customers. Revenue is recognised in any period based on the delivery of performance obligations and an assessment of when control is transferred to the customer. Revenue excludes value added tax and includes recoverable expenses incurred which are recoverable from customers. Recoverable expenses include disbursements expected to be recovered from customers.

There are lots of different types of services offered within each business. However, performance obligations tend to be consistent for each type of fee charged.

The transaction price is the total amount of consideration to which the Group expects to be entitled to in exchange for transferring goods or services to a customer. The amount of consideration the Group receives can vary depending on the nature of the service and customer.

The transaction price can be based on one or more principal pricing mechanisms:

- Time at a contracted charge out rate and recoverable expenses
- Annual fixed fees
- Acceptance and appointment fees
- Special fees/out of scope fee

Revenue is recognised when the Group has satisfied performance obligations by transferring control of services to customers. Progress is measured in satisfying the performance obligations as follows:

- For time-based arrangements, the output method is used to measure progress and the practical expedient within IFRS 15 is utilised, allowing revenue to be recognised at the amount which the Group has the right to invoice its customers, since that amount corresponds directly with the value to the customer of the Group's performance completed to date.
- Annual fees – For the majority of contracts, the performance obligations are satisfied throughout the period as the services are provided, the output method is used to measure progress here based on time-elapsed and revenue is recognised on a straight-line basis. For other certain contracts, the substance of the performance obligations is to "stand-ready" to serve the customer and is satisfied over time where value is transferred to the customer over time.
- Acceptance and appointment fees – There are contracts where separate performance obligations relating to acceptance fees have been identified where these are capable of being distinct and the pattern of delivery differs to the remainder of the performance obligation(s) within the contract. Revenue is recognised at a point in time, for example, upon creation of the Trust or Structure, which accurately reflects the benefits received by the customer.
- Special fees / out of scope fees – typically relate to additional services provided outside of the scope of the annual contractual agreements. These services are capable of being distinct and are considered a separate performance obligation. Revenue is recognised at a point in time, i.e. once the service has been delivered to the client, reflecting the incremental benefits transferred to the customer.

The Group typically invoice on a monthly, quarterly, or annual basis and payment terms can vary depending on the nature of the services provided. Where revenue is invoiced in advance of fulfilling the performance obligation, it is deferred, and a contract liability is recognised. Only when the performance obligations have been satisfied is the revenue released and recognised in the Income Statement.

Where performance obligations have been satisfied but the Group's right to consideration is conditional upon something other than the passage of time, such as the final billing amount being agreed with the customer prior to the amounts being billed, a contract asset is recognised. These are subsequently classified as trade receivables when the customer has been invoiced in accordance with the contractual terms.

For certain contracts with customers, there is a provision for annual transaction price increases, generally in line with local inflation. These increases do not change the performance obligations, and the increased prices are applied prospectively when revenue is recognised.

The Group has determined that no significant financing component exists in respect of its professional services as the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

The Group has no material exposure to returns or refunds, nor does it have warranties or other related obligations.

Property, plant and equipment and right-of-use assets

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the item. Depreciation is calculated using the straight-line method to allocate the cost over the assets' estimated useful lives.

Right-of-use assets are measured at cost less accumulated depreciation. The carrying amount is adjusted for any re-measurement of the lease liability.

1. Summary of significant accounting policies continued

Property, plant and equipment and right-of-use assets continued

Office improvements	over the remaining lease period – rental terms are for fixed periods of between 1 to 10 years
Furniture and equipment	3-10 years
Right-of-use assets	over the remaining lease period – rental terms are for fixed periods of between 1 to 10 years

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The consideration transferred in the acquisition is measured at the aggregate of fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Goodwill is not amortised but is reviewed for impairment annually (refer to Goodwill section below). Any gain on a bargain purchase is recognised in profit or loss immediately. Acquisition-related costs are recognised in profit or loss as incurred. Where applicable, any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (which is subject to a maximum of one year). Changes in the fair value of contingent consideration classified as equity are not recognised.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS3 'Business Combinations' are recognised at their fair value at the acquisition date, except where a different treatment is mandated by another standard.

Intangible assets

Computer software

Computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives of between three and five years.

IT project costs

IT project costs have been capitalised that relate to the development of new internal software. It is amortised on a straight-line basis from the commencement of its use, over the useful economic life of three years.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of subsidiaries and businesses at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit ('CGU') exceeds its recoverable amount. Any impairment would be recognised in profit or loss and is not subsequently reversed.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately to goodwill are initially recognised at their fair value at the acquisition date and have finite useful lives. Following initial recognition, intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses (where applicable). The Group does not have intangible assets with indefinite useful lives.

Customer relationships can arise on the acquisition of subsidiaries and businesses and represent the incremental value expected to be gained as a result of the existing contracts transferred as part of the acquired business. These assets are amortised over the length of the average length of the related contracts.

Amortisation is recognised in the income statement on a straight-line basis over their estimated useful lives. The estimated useful lives for Customer Relationships is eight years.

For the newly acquired intangibles relating to business combinations, please see note 12.

Impairment of assets

The Group reviews the carrying amounts of its tangible and intangible assets (including goodwill) on a regular basis, and at a minimum at each reporting date, to assess whether there is any indication of impairment loss, or 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 carrying amount of the assets exceed its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit and loss, with goodwill impairment recorded within the capital reserve.

For details on goodwill impairment and how the recoverable amount is determined see note 10.

1. Summary of significant accounting policies continued

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Initial recognition

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification and subsequent measurement

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Investments

Listed and unlisted investments which comprise the Portfolio have been classified at fair value through profit or loss. Purchases and sales of listed and unlisted investments are recognised on the date on which the Group commits to purchase or sell the investment. Investments are initially recognised at fair value and transaction costs are expensed as incurred. Gains and losses arising from listed and unlisted investments, as assets at fair value through profit or loss, are included in the income statement in the period in which they arise. The Group has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. Transaction costs are expensed immediately.

The fair value of listed investments is based on quoted market prices at the reporting date. The quoted market price used is the bid price. The fair value of unlisted investments is determined by the Directors with reference to the International Private Equity and Venture Capital Valuation ('IPEV') guidelines (December 2022).

Gains and losses on investments and direct transaction costs are analysed within the income statement as capital. All other costs of the investment trust are treated as revenue items.

Trade receivables

Trade receivables are recognised initially at transaction price and subsequently measured at amortised cost less any provision for impairment and expected credit losses, to ensure that amounts recognised represent the recoverable amount.

Contract assets

Contract assets represent revenue recognised in satisfying performance obligations, where the Group's right to consideration is conditional upon something other than the passage of time, such as the final billing amount being agreed with the customer prior to the amounts being billed. These are subsequently classified as trade receivables when the customer has been invoiced in accordance with the contractual terms.

Intercompany

The Company has a master netting agreement in relation to intercompany payables and receivables. The Company periodically settles the net intercompany amounts with counterparties. The Company and each of its subsidiaries has a legally enforceable right to offset all assets and liabilities due to/from other Group companies and intends to settle all amounts net. Due to the nature of the asset, the Group has assessed that no loss allowance is required to be recognised for expected credit losses on amounts due from Group undertakings.

Impairment of financial assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses trade receivables are grouped based on similar risk characteristics including business area and ageing.

The expected loss rates are based on the Group's historical credit losses experienced over a three-year period prior to the year end. The historical loss rates are adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified gross domestic product (GDP) and unemployment trends act as key economic indicators which may impact our customers' future ability to pay debt.

1. Summary of significant accounting policies continued

Financial instruments continued

Write off policy

Outstanding trade receivables are reviewed by management on a regular basis to assess their recoverability and ability to pay. The Group writes off a financial asset when there is no reasonable expectation of recovery. Any recoveries made are recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

Borrowings are recognised initially at fair value, which are generally the proceeds net of transaction costs incurred. The difference between the proceeds net of transaction costs and the redemption value will continue to be recognised in the income statement over the term of the borrowings using the effective interest rate method.

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the 'interest receivable and similar income' line item (note 5).

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less, subject to insignificant changes in fair value.

1. Summary of significant accounting policies continued

Financial instruments continued

Share capital

Ordinary shares are classified as equity. The ordinary shares of the Company which have been purchased by the Employee Share Ownership Trust (ESOT) to provide share based payments to employees are valued at cost and deducted from equity.

Taxation

Current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense which are either never taxable or deductible or are taxable or deductible in other periods. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the year end date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each year end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to recover the asset.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is expected to be settled or the asset is expected to be realised based on tax rates that have been enacted or substantively enacted at the year end date.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to do so and presented as a net number on the face of the balance sheet.

Investment in subsidiaries

Investments in subsidiaries are carried at cost less provision for impairment.

Employee benefits

Pension costs

The Group operates a defined benefit pension plan, which was closed to future accrual on 31 December 2016. The cost of providing benefits under the plan is determined using the projected unit credit method, with independent actuarial calculations being carried out at each year end date. Actuarial gains and losses are recognised in full in the period in which they occur through other comprehensive income.

The asset recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the year end date less the fair value of the plan assets. In recognising the surplus on the defined benefit pension plan as an asset in the statement of financial position, the Group has considered the conditions and guidance in IAS 19 and IFRIC 14 and has concluded that it is appropriate to recognise a surplus in full. The Group has assessed that it has an unconditional right to the surplus as described in paragraph 11(b) of IFRIC 14. The expected method of recovery is a refund to the Group of any surplus remaining once all of the Plan's liabilities have been exhausted.

In addition, the Group operates defined contribution plans, where the cost recognised is the contributions paid in respect of the year.

Profit share schemes

The Group recognises provisions in respect of its profit share schemes when contractually obliged or when there is a past practice that has created a constructive obligation.

Trade receivables

Trade receivables are recognised initially at transaction price and subsequently measured at amortised cost less any provision for impairment and expected credit losses, to ensure that amounts recognised represent the recoverable amount.

Share based plans

The Group issues equity-settled share-based payments to certain employees, whereby the shares are deferred for a three-year period. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effects of non-market-based vesting conditions.

The Group also awards share options to executives. The Group operated a long-term performance incentive plan ('LTIP') to executives in addition to annual bonus following the completion of a required service period and is dependent on the achievement of corporate performance and individual targets. Options are normally exercisable between 3 to 5 years from the date of grant for nil consideration. Full details of this plan can be found in the Directors' Remuneration Report.

1. Summary of significant accounting policies continued

Reserves

A description of each of the reserves follows:

Share premium

This reserve represents the difference between the issue price of shares and the nominal value of shares at the date of issue, net of related issue costs.

Capital redemption

This reserve was created on the cancellation and repayment of the Company's share capital.

Own shares

This represents the cost of shares purchased by the ESOT.

Special Reserve (not distributable)

This reserve was created following the cancellation of share premium. It represents the value of the short-term creditors at the date of the cancellation approval that have not since been cash settled.

Capital reserves

The following are dealt with through this reserve:

- gains and losses on realisation of investments; and
- changes in fair value investments which are readily convertible to cash.

Retained earnings

Net revenue profits and losses of the Company and its subsidiaries and the fair value costs of share based payments which are revenue in nature are dealt with in this reserve.

Translation reserve

This reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Leases

The Group determines at contract inception whether an arrangement contains a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group leases various office properties. Rental contracts are typically made for fixed periods of 1 to 10 years and lease terms are negotiated on an individual basis.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets (under £5,000); and
- Leases with a duration of 12 months or less.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used. Generally, the Group uses its incremental borrowing rate as the Group's borrowing rate which was updated following the issuance of a further two debentures, lowering the rate to 3.966% (previously 4.589%). Where there has been a lease modification and/or a new lease arrangement entered into, this rate has been applied.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change to future lease payments arising from a change in an index rate, a change in the estimate of the amount expected to be payable under the residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

1. Summary of significant accounting policies continued

Leases continued

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

Further detail on leases is provided in note 22 of the accounts.

Dividend distribution

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when paid. In the case of final dividends, this is when approved by the shareholders.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of the financial statements requires the exercise of judgement both in application of accounting policies which are set out below and in the selection of assumptions used in the calculation of estimates. These estimates and judgements are reviewed on an ongoing basis and are continually evaluated based on historical experience and other factors. However, actual results may differ from these estimates.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have the most significant effect on the amounts recognised in the consolidated financial statements are discussed below.

Critical accounting judgements

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of The Law Debenture Corporation p.l.c. and entities controlled by the Company (its subsidiaries and businesses) made up to the end of the financial period. Management has not applied the IFRS 10, 'Consolidated Financial Statements' investment entity exemption available and therefore the financial statements of the Law Debenture Corporation p.l.c. and its subsidiaries continue to be consolidated.

The subsidiaries of the Group comprise the IPS trading companies. The IPS business has historically, and continues to be, managed, and operated as an integrated business within the Group. In addition to monitoring the Portfolio, The Law Debenture Corporation p.l.c Board plays an active role in the oversight of the IPS business.

A judgement has been made by Management that the Company does not meet the criteria for the investment entity exemption, on the basis that the IPS business is viewed by management and the Board as a distinct trading group, rather than as a portfolio investment for the Company. This view is consistent with that held in previous reporting periods and there have been no material changes to the Group or its operations during the current reporting period.

The Company controls an investment if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Key sources of estimation uncertainty

IPS Valuation

The valuation of the IPS business is an area which requires judgment and estimation. This is discussed in depth on page 39. PwC are engaged to provide external advice relating to the valuation of the business using a discounted cash flow analysis to derive a range from which the Board select a value. The valuation was cross-checked by management through an assessment of the implied multiple and comparability with previous valuations.

2. Net capital gain/(loss) on investments

	2025 £000	2024 £000
Realised gains based on historical cost	**41,474**	31,010
Amounts recognised as unrealised in previous years	**(17,313)**	(1,868)
Realised gains based on carrying value at previous year end date	**24,161**	29,142
Unrealised gain/(loss) on investments	**238,489**	47,159
Net capital gain/(loss) on investments	**262,650**	76,301

3. Administrative expenses

	2025 £000	2024 £000
Administrative expenses include:		
Salaries and Directors' fees	**26,301**	24,508
Social security costs	**3,092**	2,401
Other pension costs	**1,904**	1,690
	31,297	28,599
Investment management fee	**740**	634
Depreciation – property, plant and equipment	**633**	566
Depreciation – right-of-use assets	**885**	719
Amortisation – intangible assets	**1,107**	1,046
Interest on lease liability	**210**	254
Foreign exchange	**70**	248
Auditors' remuneration	**634**	859
Other property costs	**1,076**	1,027
IT infrastructure	**1,995**	1,628
Non-recurring expenses (see APMs pages 167 to 170)	**–**	1,036
Business development	**1,022**	759
Professional fees	**3,131**	1,785
Other expenses	**4,465**	3,525
Administrative expenses	**47,265**	42,685

During the year, the Group employed an average of 313 staff (2024: 298). All staff are engaged in the provision of independent professional services. The Company has no employees. Details of the terms of the Investment Management Agreement with Janus Henderson are provided on page 37 of the strategic report. Administrative expenses charged to capital are transaction costs and foreign exchange differences on the purchase of investments held at fair value through profit or loss.

3. Administrative expenses continued

A more detailed analysis of the auditors' remuneration on a worldwide basis is provided below:

	2025 £000	2024 £000
Fees payable to the Group's auditors for audit services		
– fees payable to the Group's auditors for the audit of its financial statements	**349**	389
– fees payable for the audit of the accounts for subsidiaries of the Company	**258**	438
– audit related regulatory fees	**27**	32
	634	859

A description of the work of the Audit and Risk Committee is set out in the Audit and Risk Committee report on pages 80 to 83 and includes an explanation of how auditor objectivity and independence is safeguarded when non-audit services are provided by the auditors.

4. Remuneration of Directors (key management personnel)

The remuneration of the Directors, who are the key management personnel of the Group, comprises the following:

	2025 £000	2024 £000
Short-term benefits including fees in respect of Directors	**1,513**	1,347
Post-employment benefits	**58**	56
Other long-term benefits	**630**	476
	2,201	1,879

Details for each individual Director are shown in the Remuneration report on pages 96 to 100.

5. Interest

	2025 £000	2024 £000
Interest Income		
Interest on bank deposits	**68**	73
Returns on money market funds	**579**	495
Other	**616**	171
Total Group interest	**1,263**	739
Interest Payable		
Interest on long-term debt – revenue	**(1,642)**	(1,640)
Interest on long-term debt – capital	**(4,908)**	(4,908)
Other	**(664)**	–
Total	**(7,214)**	(6,548)
Net interest payable	**(5,951)**	(5,809)

6. Segment analysis

Group Segmental Analysis	Investment Portfolio 2025 £000	Investment Portfolio 2024* £000	IPS 2025 £000	IPS 2024 £000	Total 2025 £000	Total 2024* £000
Revenue						
Dividend income	**40,284**	34,701	**-**	-	**40,284**	34,701
IPS Revenue:						
Corporate Services	**–**	–	**30,968**	28,260	**30,968**	28,260
Corporate Trust	**–**	–	**18,984**	16,524	**18,984**	16,524
Pensions	**–**	–	**16,747**	16,875	**16,747**	16,875
Segment Income	**40,284**	34,701	**66,699**	61,659	**106,983**	96,360
Other Income	**2,752**	1,204	**–**	–	**2,752**	1,204
Cost of sales	**(549)**	(214)	**(9,020)**	(7,998)	**(9,569)**	(8,212)
Administration costs (note 3)	**(6,245)**	(4,025)	**(41,020)**	(38,660)	**(47,265)**	(42,685)
Profit before interest and tax	**36,242**	31,666	**16,659**	15,001	**52,901**	46,667
Interest payable (net) (note 5)	**(2,088)**	(1,184)	**1,045**	283	**(1,043)**	(901)
Profit before tax	**34,154**	30,482	**17,704**	15,284	**51,858**	45,766
Income Tax	**–**	–	**(2,399)**	(1,897)	**(2,399)**	(1,897)
Profit for the year	**34,154**	30,482	**15,305**	13,387	**49,459**	43,869
Revenue return per ordinary share (pence)	**25.73**	23.26	**11.53**	10.22	**37.26**	33.48
Assets	**1,388,001**	1,071,082	**57,581**	54,590	**1,445,582**	1,125,672
Liabilities	**(216,443)**	(165,632)	**(27,064)**	(28,669)	**(243,507)**	(194,301)
Total net assets	**1,171,558**	905,450	**30,517**	25,921	**1,202,075**	931,371

*2024 comparative liabilities have been restated refer to Note 29 for further detail.

The table below shows the segment results adjusted for the goodwill impairment and non-recurring administration expenses, in IPS for FY24 only.

Adjusted profit before interest and tax	**36,242**	31,666	**16,659**	16,037	**52,901**	47,703
Adjusted profit before tax	**34,154**	30,482	**17,704**	16,320	**51,858**	46,802
Adjusted profit after tax	**34,154**	30,482	**15,305**	14,423	**49,459**	44,905
Adjusted revenue return per share	**25.73**	23.26	**11.53**	11.01	**37.26**	34.27

Geographic location of revenue: Approximately 92% of revenue is based in the UK. Geographic location is based on the jurisdiction in which the contracting legal entity is based.

Major customers: Due to the diverse nature of the IPS revenue streams, there is no single customer or concentration of customers that represents more than 3% of gross revenue streams.

Capital element: The capital element of the income statement comprises wholly gains and losses relating to investments held at fair value through profit and loss (2025: gains £262,650k; 2024: gains £76,301k), administrative expenses (2025: £3,120k; 2024: £2,706k), interest payable (2025: £4,908k; 2024: £4,908k) and a capital dividend received of 2025: £589k; 2024: £1,432k, which corresponds to amounts classified as capital in nature in accordance with the SORP are shown in the capital column of the income statement on page 123. For 2024, the capital element also includes the goodwill impairment of £17,037k for the IPS segment. 2024 IPS statutory PBT and PBIT were £(1,753)k and £(2,036)k respectively following the goodwill impairment reported as a capital expense.

6. Segment analysis continued

	Investment Portfolio		Independent Professional Services		Total	
	31 December 2025 £000	31 December 2024 £000	**31 December 2025 £000**	31 December 2024 £000	**31 December 2025 £000**	31 December 2024 £000
Other Information						
Capital expenditure	**–**	–	**492**	912	**492**	912
Depreciation and amortisation	**–**	–	**1,740**	1,584	**1,740**	1,584
Depreciation – right-of-use assets	**–**	–	**885**	719	**885**	719

7. Taxation

	2025 £000	2024 £000
a) Analysis of the tax charge for the period ended 31 December 2025		
UK corporation tax at 25% (2024: 25%)	**1,737**	1,821
Foreign tax charge	**478**	311
Adjustments in respect of prior periods	**(593)**	634
Total current taxation for the period	**1,622**	2,766
Deferred tax charge	**(116)**	(869)
Adjustments in respect of prior periods	**893**	–
Charge for the year	**2,399**	1,897

b) Factors affecting tax charge for the period ended 31 December 2025

The tax assessed for the period ended 31 December 2025 is lower than the Company's applicable rate of corporation tax for that year of 25%. The factors affecting the tax charge for the period are as follows:

	2025 £000	2024 £000
Profit for the period before tax	**307,069**	98,848
Net return before taxation multiplied by the Company's applicable rate of corporation for the year of 25% (2024: 25%)	**76,767**	24,712
Effects of:		
Permanent tax adjustments		
Higher rates of tax on foreign income	**193**	(113)
Non-taxable capital (gains)/losses	**(65,438)**	(18,848)
Income not subject to taxation	**(10,199)**	(9,033)
Limit on Group relief for UK interest expense	**843**	778
Expenses not deductible for tax purposes	**180**	4,636
Prior year (over)/under provision in respect of prior periods	**300**	634
Impact of share based payments	**(234)**	–
Other timing differences	**(13)**	(869)
Charge for the year	**2,399**	1,897

7. Taxation continued

c) Deferred taxation liability	Accelerated tax depreciation £000	Retirement benefit obligation £000	Deferred compensation schemes £000	Other timing differences £000	Total £000
At 1 January 2024	332	(2,120)	–	–	(1,788)
Credit/(charge) to profit or loss	–	(499)	–	869	370
At 1 January 2025	332	(2,619)	–	869	(1,418)
Prior year adjustment to profit or loss	(653)	44	586	(869)	(892)
Prior year adjustment to other comprehensive income	–	–	151	–	151
Credit/(charge) to profit or loss	233	(43)	(74)	–	116
Credit/(charge) to other comprehensive income	–	(514)	(15)	–	(529)
At 31 December 2025	**(88)**	**(3,132)**	**648**	**–**	**(2,572)**

Due to the Company's status as an investment trust and the intention to continue to meet the conditions required to retain that status, the Company has not provided tax on any capital gains arising on capital gains or losses arising on the revaluation of investments.

8. Dividends on ordinary shares

	2025 £000	Restated 2024* £000
Dividends on ordinary shares paid in the year comprise the following:		
2024 third Interim[1] 8p (2023: 7.625p)	**10,607**	10,003
2024 Final[1] 9.5p (2024: 9.125p)	**12,596**	11,971
Sub-total	**23,203**	21,974
Dividends on ordinary shares paid in the year comprise the following:		
2025 first Interim[2] 8.375p (2024: 8p)	**11,212**	10,493
2025 second Interim[2] 8.375p (2024: 8p)	**11,215**	10,540
Sub-total	**22,427**	21,033
Total for year	**45,630**	43,007

* Restated as per Note 29

[1] 2024 interim and final dividends were paid in January 2025 and April 2025.

[2] 2025 interim dividends were paid in July 2025 and October 2025.

8. Dividends on ordinary shares continued

Proposed final dividend for the year ended 31 December 2025

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Set out below is the total dividend payable in respect of the financial year, which is the basis on which the requirements of Sections 1158-1159 of the Corporation Tax Act 2010 are considered.

	2025 £000	2024 £000
Dividends on ordinary shares comprise the following:		
2025 Interim[1] 8.375p (2024: 8p)	**11,212**	10,493
2025 Interim[1] 8.375p (2024: 8p)	**11,215**	10,540
2025 Interim[1] 8.375p (2024: 8p)	**11,216**	10,607
2025 Final[2] 10.375p (2024: 9.5p)	**13,894**	12,596
Total for year	**47,537**	44,236

[1] 2025 interim dividends were paid in July 2025, October 2025 and January 2026.
[2] 2025 final dividend will be paid in April 2026.

On this basis, The Law Debenture Corporation p.l.c. satisfies the requirements of Sections 1158-1159 of the Corporation Tax Act 2010, as an approved investment trust company.

9. Net asset value/return per share

NAV per share is calculated based on 133,182,166 (2024: 131,888,540) shares, being the total number of shares in issue of 133,921,079 (2024: £132,594,209), less 738,913 (2024: 705,669) shares, acquired by the ESOT in the open Market.

The net asset value of £1,440,357,000 (2024: £1,150,512,000) comprises the NAV per the balance sheet of £1,202,075,000 (2024: £931,171,000) plus the fair value adjustment to for the IPS business of £202,525,000 (2024: 187,395,000) plus the fair value adjustment for the debt of £46,972,000 (2024: £42,353,000) less the unpaid third interim dividend of 11,216,000 (2024: 10,607,000) paid in January 2026.

Revenue return per share is based on profits attributable of £49,459,000 (2024: £43,869,000).

Capital gain per share is based on capital gain for the year of £255,211,000 (2024: gain £53,082,000).

Total return per share is based on gain for the year of £304,670,000 (2024: gain £96,951,000).

The calculations of returns per share are based on 132,726,387 (2024: 131,022,927) shares, being the weighted average number of shares in issue during the year after adjusting for shares owned by the ESOT. In 2025, total revenue and capital diluted returns per share were calculated using 132,755,544 shares (2024: 131,045,193 shares), being the diluted weighted average number of shares in issue assuming exercise of options at less than fair value. There were 22,566 (2024: 22,465) antidilutive shares.

10. Goodwill

	2025 £000	2024 £000
Cost		
At 1 January	**19,472**	19,457
Additions	**–**	–
Foreign Exchange	**(73)**	15
At 31 December	**19,399**	19,472
Provision for impairment		
At 1 January	**17,496**	451
Impairment	**–**	17,037
Foreign Exchange	**(34)**	8
At 31 December	**17,462**	17,496
Net book value		
Net book value at 31 December	**1,937**	1,976

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units ('CGU'), being its operating business units. That is not the same as our reportable segments disclosed under note 6, with the identified CGU for goodwill being one level below that of a reportable operating segment. Cash flows at the business unit level are independent from the other cash flows and this is the lowest level at which goodwill is monitored by the Board. The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

GROUP	Balance at 1 January 2025 £000	Movements in exchange rates £000	Balance at 31 December 2025 £000
CGU Safecall	**1,419**	**–**	**1,419**
CGU Delaware Corporate Services (DCS)	**557**	**(39)**	**518**
Total	**1,976**	**(39)**	**1,937**

At 31 December 2025 the goodwill in relation to each CGU was reviewed and tested for impairment. The review assessed whether the carrying value of the goodwill exceeded its recoverable amount. The recoverable amount of a CGU is the greater of its value in use and its fair value less costs to sell. The basis of the recoverable amount used in the impairment tests for the CGUs is the value in use. In assessing value in use, the net present value of future cash flows were computed based on management's financial budgets and forecasts that do not extend beyond five years. The key assumptions in preparing these forecasts are net revenue growth rates, operating costs, terminal growth and discount rates. The methodology applied is consistent with the tests performed in the prior period.

For the Safecall and DCS CGUs, the recoverable amount valuations indicated sufficient headroom such that a reasonably possible change to key assumptions is unlikely to result in an impairment of the related goodwill.

The key quantifiable assumptions applied in the impairment review of the remaining CGUs are set out below:

GROUP	Discount Rate 2025	Discount Rate 2024	Short-term growth rates 2025 %	Short-term growth rates 2024 %	Terminal growth rates 2025 %	Terminal growth rates 2024 %
Safecall	**11.9**	12.8	**8.0**	8.0	**2.0**	2.0
Delaware Corporate Services (DCS)	**11.9**	12.8	**8.0**	8.0	**2.0**	2.0

Discount rate

A discount rate of 11.9% applied to projected cash flows is consistent with the rate determined by the independent expert in the valuation of the IPS business. These rates are reviewed by the board annually.

Terminal growth rates

The calculations include a terminal value based on the projections for the fifth year of the forecasted cash flows, with a growth rate assumption applied which extrapolates the business into perpetuity. Consistent with the approach in selecting the discount rate mentioned above, the Board also aligned the terminal growth rate used from the valuation of IPS.

Short-term growth rates

The annual impairment test was performed subsequent to year end based on the 2025 trading performance of the CGUs assuming a short-term growth rate of 8% consistent with the prior year. The revenue and margin growth rates are based on past performance with consideration given to market trends and strategic decisions in respect of the CGU. Operating costs are based on the Group's current structure and adjusted for inflationary measures.

11. Property, plant and equipment

GROUP	2025 Office improvements £000	2025 Furniture and equipment £000	2025 Total £000	2024 Office improvements £000	2024 Furniture and equipment £000	2024 Total £000
Cost						
At 1 January	**99**	**3,523**	**3,622**	99	3,325	3,424
Additions at cost	**–**	**155**	**155**	–	268	268
Disposals at cost	**–**	**–**	**–**	–	(68)	(68)
Foreign exchange	**–**	**(1)**	**(1)**	–	(2)	(2)
At 31 December	**99**	**3,677**	**3,776**	99	3,523	3,622
Accumulated depreciation						
At 1 January	**75**	**1,589**	**1,664**	49	1,108	1,157
Charge	**24**	**609**	**633**	26	540	566
Disposals at cost	**–**	**–**	**–**	–	(68)	(68)
Foreign exchange	**–**	**(1)**	**(1)**	–	9	9
At 31 December	**99**	**2,197**	**2,296**	75	1,589	1,664
Net book value						
Net book value at 31 December	**–**	**1,480**	**1,480**	24	1,934	1,958

The Company holds no property, plant and equipment.

12. Other intangible assets

GROUP	2025 Computer software £000	2025 IT project costs £000	2025 Customer relationships £000	2025 Intangible total £000	2024 Computer software £000	2024 IT project costs £000	2024 Customer relationships £000	2024 Intangible total £000
Cost								
At 1 January	**424**	**2,370**	**2,979**	**5,773**	1,220	2,001	2,979	6,200
Additions at cost	**56**	**281**	**–**	**337**	275	369	–	644
Disposals at cost	**(3)**	**(442)**	**–**	**(445)**	(1,071)	–	–	(1,071)
At 31 December	**477**	**2,209**	**2,979**	**5,665**	424	2,370	2,979	5,773
Accumulated depreciation								
At 1 January	**169**	**1,523**	**1,450**	**3,142**	1,152	934	1,080	3,166
Charge	**126**	**611**	**370**	**1,107**	87	589	370	1,046
Disposals at cost	**(3)**	**(412)**	**–**	**(415)**	(1,070)	–	–	(1,070)
At 31 December	**292**	**1,722**	**1,820**	**3,834**	169	1,523	1,450	3,142
Net Book value								
Net book value at 31 December	**185**	**487**	**1,159**	**1,831**	255	847	1,529	2,631

13. Investments

Investments held at fair value through profit or loss

GROUP	2025 Listed £000	2025 Unlisted £000	2025 Total £000	2024 Listed £000	2024 Unlisted £000	2024 Total £000
Opening cost at 1 January	**930,550**	**9,711**	**940,261**	899,027	9,711	908,738
Gains at 1 January	**106,622**	**(4,844)**	**101,778**	60,060	(3,572)	56,488
Opening fair value at 1 January	**1,037,172**	**4,867**	**1,042,039**	959,087	6,139	965,226
Purchases at cost	**186,353**	**–**	**186,353**	194,185	–	194,185
Cost of acquisition	**(831)**	**–**	**(831)**	(791)	–	(791)
Sales – proceeds	**(132,566)**	**–**	**(132,566)**	(192,881)	–	(192,881)
– realised gains on sales	**41,474**	**–**	**41,474**	31,010	–	31,010
Gains/(losses) in the income statement	**221,043**	**133**	**221,176**	46,562	(1,272)	45,290
Closing fair value at 31 December	**1,352,645**	**5,000**	**1,357,645**	1,037,172	4,867	1,042,039
Closing cost at 31 December	**1,024,980**	**9,711**	**1,034,691**	930,550	9,711	940,261
Gains/(losses)	**327,665**	**(4,711)**	**322,954**	106,622	(4,844)	101,778
Closing fair value at 31 December	**1,352,645**	**5,000**	**1,357,645**	1,037,172	4,867	1,042,039

Investments held at fair value through profit or loss

COMPANY	2025 Listed £000	2025 Unlisted £000	2025 Total £000	2024 Listed £000	2024 Unlisted £000	2024 Total £000
Opening cost at 1 January	**930,550**	**9,611**	**940,161**	899,027	9,611	908,638
Gains at 1 January	**106,622**	**(4,845)**	**101,777**	60,060	(3,572)	56,488
Opening fair value at 1 January	**1,037,172**	**4,766**	**1,041,938**	959,087	6,039	965,126
Purchases at cost	**186,353**	**–**	**186,353**	194,185	–	194,185
Cost of acquisition	**(831)**	**–**	**(831)**	(791)	–	(791)
Sales – proceeds	**(132,566)**	**–**	**(132,566)**	(192,881)	–	(192,881)
– realised gains/(losses) on sales	**41,474**	**–**	**41,474**	31,010	–	31,010
Gains/(losses) in the income statement	**221,043**	**234**	**221,277**	46,562	(1,273)	45,289
Closing fair value at 31 December	**1,352,645**	**5,000**	**1,357,645**	1,037,172	4,766	1,041,938
Closing cost at 31 December	**1,024,980**	**9,711**	**1,034,691**	930,550	9,611	940,161
Gains/(losses)	**327,665**	**(4,711)**	**322,954**	106,622	(4,845)	101,777
Closing fair value at 31 December	**1,352,645**	**5,000**	**1,357,645**	1,037,172	4,766	1,041,938

Listed investments are all traded on active markets and as defined by IFRS 13 are Level 1 financial instruments. As such they are valued at unadjusted quoted bid prices. Unlisted investments are Level 3 financial instruments. They are valued by the Directors using unobservable inputs including the underlying net assets of the investments. Investments have been revalued over time and until they were sold, any unrealised gains/losses were included in the fair value of the investments.

The Group's direct interests in unconsolidated structured entities comprise investments in special purpose vehicles, including both Limited Companies and Public Limited Companies. The investments include both those entities managed by third parties and those managed by the Group on behalf of its members where the Group acts as share Trustee under a Trust Deed Arrangement.

Given the nature of these investments, the Group's maximum exposure to loss is equal to the carrying value of the investment.

During the year, the Group has not provided any non-contractual financial or other support to these entities and has no current intention of providing any financial or other support. There were no transfers from/to these unconsolidated collective investment vehicles and limited companies.

13. Investments continued

Investments in subsidiary undertakings – Company

	2025 £000	2024 £000
Cost		
At 1 January	**61,176**	61,368
Revaluations in year	**(105)**	(192)
At 31 December	**61,071**	61,176

Investments in subsidiaries are measured at cost less impairment. No impairment has been recognised in relation to the subsidiaries to date. The financial statements consolidate the results and financial position of the Group, including all subsidiary undertakings, which are listed in this note under section "subsidiaries and related undertakings".

The cost of subsidiary undertakings includes capital contributions and as a consequence is not comparable to the fair value of the IPS business.

Fair valuation of the IPS

The fair value of the IPS business relates to all of the wholly owned subsidiaries of the Company, with the exception of Law Debenture Finance p.l.c. The Directors have chosen to provide a fair valuation of the IPS business, which is not included within the financial statements, to assist the users of the Annual Report. The fair valuation is used in preparing performance data for the Group. The fair value is determined using unobservable inputs (including the Group's own data), which represent Level 3 inputs. The Directors' estimate of fair value uses the guidelines and methodologies on valuation published by the International Private Equity and Venture Capital Association.

An income based approach has been adopted from 31 December 2024 onwards that follows a discounted cash flow ('DCF') analysis. This approach considers business forecasts adjusted to consider the fair value a hypothetical third-party would apply when viewing the forecasts. An appropriate cost of equity was determined through consideration of comparable entities to guide on discount rate and applied to the discrete forecast period and projected free cashflows to estimate the terminal value. As a cross check, the implied multiple for 31 December 2025 was calculated by dividing the DCF IPS valuation by the underlying EBITDA (see APM on page 170). See page 39 for further detail on the IPS valuation.

Fair valuation of the IPS	2025 £000	2024 £000
EBITDA at a multiple of 10.7x (2024: 10.7x)	**208,665**	194,505
Surplus net assets	**24,376**	18,811
At 31 December	**233,041**	213,316

The adjustment to NAV to reflect the IPS fair value is an increase of 152.07 pence per share (2024: 142.09 pence).

Subsidiaries and related undertakings

The following is a list of all of the subsidiaries within the Law Debenture Group. Each of them is 100% owned within the Group and has been consolidated in the Group accounts. Subsidiaries held directly by the Company are in bold. Unless indicated, all subsidiaries are incorporated and have their registered office in the United Kingdom. The addresses of overseas registered companies appear at page 173. All shares issued by Group subsidiaries are ordinary shares. The Company and the Group do not have any significant holdings in any qualifying undertakings other than the subsidiary undertakings listed below.

L.D. Pension Plan Trustee Limited
L.D.C. Trust Management Limited
Law Debenture Investment Management Limited
Beagle Nominees Limited
The Law Debenture Trust Corporation p.l.c.
The Law Debenture Pension Trust Corporation p.l.c.
Pegasus Pensions plc
Law Debenture Corporate Services Limited
Law Debenture Trustees Limited
L.D.C. Latvia Limited
The Law Debenture Intermediary Corporation p.l.c.
Law Debenture Finance p.l.c.
Law Debenture Securitisation Services Limited
LDPTC Nominees Limited
Law Debenture Governance Services Limited
Safecall Limited
The Whistleblowing Company Limited
The Law Debenture Corporation (Deutschland) Limited
LDC Nominee Secretary Limited

13. Investments continued

Law Debenture (No. 1 Scheme) Trust Corporation

The Law Debenture (No. 5) Trust Corporation

The Law Debenture (1996) Pension Trust Corporation

The Law Debenture (BAA) Pension Trust Corporation

The Law Debenture (JIC) Pension Trust Corporation

The Law Debenture (KGPP) Pension Trust Corporation

The Law Debenture (Swiss Re GB) Trust Corporation

The Law Debenture (JGDBS) Pension Trust Corporation

ICI Pensions Trustee Limited

AstraZeneca Pensions Trustee Limited

ICI Specialty Chemicals Pensions Trustee Limited

RTL Shareholder SVC Limited

DLC SVC Limited

LDC (NCS) Limited

Terrier Services Limited

L.D.C. Securitisation Director No. 1 Limited

L.D.C. Securitisation Director No. 2 Limited

L.D.C. Securitisation Director No. 3 Limited

L.D.C. Securitisation Director No. 4 Limited

L.D.C. Corporate Director No. 1 Limited

L.D.C. Corporate Director No. 2 Limited

L.D.C. Corporate Director No. 3 Limited

L.D.C. Corporate Director No. 4 Limited

CD Corporate Director No. 1 Limited

Westminster Aviation Holdings Limited

LDC (DANTC) Limited

Syngenta Pensions Trustee Limited

The Law Debenture Corporation (HK) Limited
(incorporated/registered office in Hong Kong)

Law Debenture Trust (Asia) Limited
(incorporated/registered office in Hong Kong)

The Law Debenture Trust Corporation (Channel Islands) Limited
(incorporated/registered office in Jersey)

The Law Debenture Trust Corporation (Cayman) Limited
(incorporated/registered office in the Cayman Islands)

Law Debenture Corporate Services Inc.
(incorporated/registered office in the USA)

Law Debenture Holdings Inc.
(incorporated/registered office in the USA)

Delaware Corporate Services Inc.
(incorporated/registered office in the USA)

Law Debenture (Ireland) Limited
(incorporated/registered office in the Republic of Ireland)

Law Debenture Ireland (Trustees) Limited
(incorporated/registered office in the Republic of Ireland)

Law Debenture Holdings (Ireland) Limited
(incorporated/registered office in the Republic of Ireland)

LDI (OCS) Limited
(incorporated/registered office in the Republic of Ireland)

Registered Shareholder Services No.1 Limited
(incorporated/registered office in the Republic of Ireland)

Registered Shareholder Services No.2 Limited
(incorporated/registered office in the Republic of Ireland)

Registered Shareholder Services No.3 Limited
(incorporated/registered office in the Republic of Ireland)

Law Debenture Master Trust Trustees (Ireland) DAC
(incorporated/registered office in the Republic of Ireland)

Trimcomlee Limited

LDCS Process Agent Limited

Unlisted investments

The Group holds unlisted investments.

Portfolio

The majority of the Portfolio is invested in listed investments. A small minority of investments (approximately 0.5% of the Portfolio) are unlisted comprising a small fund investment and a number of other immaterial unquoted investments.

Quarterly valuations for the small fund investment are received. The Investment Valuation Committee updates the valuation of this immaterial investment on a six monthly basis. The minutes of the meeting are shared with the auditors on a bi-annual basis.

Other unquoted investment holdings are reviewed on a bi-annual basis to market value and agreed by the Committee members at the same Investment Valuation Committee meeting.

13. Investments continued

Independent professional services

As part of the services offered by the Independent Professional Services business, the Group acts as the registered holder of an immaterial amount of unlisted shares in structured finance companies which are held on trust for discretionary charitable purposes. The Group has no beneficial interest in those shares or the results of the companies whose shares are held.

The holdings are reviewed on a bi-annual basis at the Investment Valuation Committee meeting but are not revalued as there is no market rate and the Group has no beneficial or economic interest in those shares.

14. Contract assets, trade and other receivables

The Directors consider that the carrying value approximates to the fair value.

The average credit period on sales of goods is 80 days. No interest is charged on outstanding trade receivables.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses trade receivables are grouped based on similar risk characteristics and ageing.

An expected credit loss (ECL) is recognised against contract assets only when it is considered to be material and there is evidence that the credit worthiness of a counterparty may render balances irrecoverable. Refer to note 19 for further details on IFRS 9 expected credit losses.

Contract assets arise from the Group's IPS business which enters into contracts that can take more than one year to complete.

	GROUP		COMPANY	
Contract assets: Current	**2025 £000**	2024 £000	**2025 £000**	2024 £000
Amounts included in contract assets that were recognised as revenue	**7,239**	6,659	**246**	4

Trade and other receivables: Current	**2025 £000**	2024 £000	**2025 £000**	2024 £000
Trade receivables	**8,590**	13,730	**6**	46
Other receivables	**737**	286	**183**	332
Portfolio dividends receivable	**3,727**	2,210	**3,512**	2,210
Prepayments	**1,593**	1,532	**302**	112
	14,647	17,758	**4,003**	2,700

15. Cash and cash equivalents

	GROUP		COMPANY	
	2025 £000	2024 £000	**2025 £000**	2024 £000
Cash at bank	**32,372**	37,573	**26,047**	26,453
Short-term deposits	**11,403**	781	**–**	–
	43,775	38,354	**26,047**	26,453

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments and deposits with a maturity of three months or less from the date of acquisition.

16. Contract liabilities, trade and other payables

	GROUP		COMPANY	
Contract liabilities: Current	**2025 £000**	2024 £000	**2025 £000**	2024 £000
Deferred Income	**7,696**	8,996	**11**	10

Contract liabilities: Non-current	**2025 £000**	2024 £000	**2025 £000**	2024 £000
Deferred Income	**3,481**	1,866	–	–

Contract liabilities comprise of deferred income, representing fees billed in advance in respect of services under contract with customers.

During the year, £9.0m (2024: £8.0m) of the Group's prior year recorded deferred income was recognised as income.

The allocation of deferred income between current and non current is presented on the basis that the current portion will unwind and released to revenue within the next twelve months. There were no material items in the current portion of deferred income in 2024 which did not unwind during the year.

	GROUP		COMPANY	
Trade and other payables: Current	**2025 £000**	2024 (restated) £000	**2025 £000**	2024 (restated) £000
Trade payables	**463**	680	**56**	3
Dividends payable (see Note 29)	**–**	–	**–**	–
Other payables and accruals	**9,323**	7,702	**1,853**	1,179
	9,786	8,382	**1,909**	1,182

17. Share capital

Allotted, issued and fully paid share capital – GROUP AND COMPANY	**2025 £000**	2024 £000
Value (Ordinary shares of 5p each)		
As at 1 January	**6,626**	6,557
Issued in year	**70**	69
At 31 December	**6,696**	6,626

Shares (Ordinary shares of 5p each)	**Number**	Number
As at 1 January	**132,594,209**	131,191,892
Issued in year	**1,326,870**	1,402,317
As at 31 December	**133,921,079**	132,594,209

All shares rank pari passu amongst each other and have equal voting rights.

During the year to 31 December 2025, 36,870 shares (2024: 17,317 shares) were allotted under the SAYE scheme for a total consideration of £204,903 (2024: £102,863) which includes a premium of £203,060 (2024: £101,997). Total issued shares as at 31 December 2025 is 133,921,079 (2024: 132,594,209).

During the year, 24,213 options were granted under the Company's SAYE scheme. At 31 December 2025, options under the SAYE scheme exercisable from 2021 to 2026 at prices ranging from 594.75p to 781.00p per share were outstanding in respect of 120,004 ordinary shares (2024: 153,355 ordinary shares). During 2025, 17,545 options lapsed or were cancelled (2024: 22,621) and 36,870 (2024: 17,317) were exercised.

17. Share capital continued

Further details of options outstanding are given in the Directors' Report on page 68.

Own shares held – GROUP	2025 £000	2024 £000
At 1 January	**5,156**	3,926
Purchase of shares	**614**	1,230
At 31 December	**5,770**	5,156

The own shares held represent the cost of 738,913 (2024: 705,669) ordinary shares of 5p each in the Company, acquired by the ESOT in the open market. The shares have been acquired to meet the requirements of the Deferred Share Plan. The voting rights relating to the shares have been waived while the relevant shares remain in trust, in accordance with the Plan rules. The market value of the shares at 31 December 2025 was £7,788,143 (2024: £6,301,624).

18. Capital reserves

	2025			2024		
GROUP	Unrealised appreciation £000	Realised reserves £000	Total £000	Unrealised appreciation £000	Realised reserves £000	Total £000
At 1 January	**88,684**	**654,133**	**742,817**	44,200	650,076	694,276
Transfer on disposal of investments	**(17,313)**	**17,313**	**–**	(1,868)	1,868	–
Net gains on investments	**238,489**	**24,161**	**262,650**	47,159	29,142	76,301
Cost of acquisitions	**(831)**	**–**	**(831)**	(791)	–	(791)
Deconsolidation of liquidated entities	**–**	**–**	**–**	–	(4,538)	(4,538)
Foreign exchange	**(135)**	**–**	**(135)**	(16)	–	(16)
Transfers to revenue	**–**	**(1,631)**	**(1,631)**	–	(470)	(470)
Goodwill Impairment	**–**	**–**	**–**	–	(17,037)	(17,037)
Other capital movements	**–**	**(4,908)**	**(4,908)**	–	(4,908)	(4,908)
At 31 December	**308,894**	**689,068**	**997,962**	88,684	654,133	742,817

	2025			2024		
COMPANY	Unrealised appreciation £000	Realised reserves £000	Total £000	Unrealised appreciation £000	Realised reserves £000	Total £000
At 1 January	**81,968**	**728,297**	**810,265**	37,481	702,665	740,146
Transfer on disposal of investments	**(17,313)**	**17,313**	**–**	(1,868)	1,868	–
Net gains on investments	**238,489**	**24,161**	**262,650**	47,159	29,142	76,301
Cost of acquisitions	**(831)**	**–**	**(831)**	(791)	–	(791)
Foreign exchange	**(409)**	**–**	**(409)**	(13)	–	(13)
Transfers to revenue	**–**	**(1,631)**	**(1,631)**	–	(470)	(470)
Dividends paid from capital	**–**	**–**	**–**	–	–	–
Other capital movements	**–**	**(4,908)**	**(4,908)**	–	(4,908)	(4,908)
At 31 December	**301,904**	**763,232**	**1,065,136**	81,968	728,297	810,265

19. Financial instruments

The Group's investment objective is to achieve long-term capital growth through investing in a diverse portfolio of investments. In pursuit of this objective, the Group has the power to deploy the following financial instruments:

- Quoted equities, unlisted equities and fixed interest securities
- Cash and short-term investments and deposits

19. Financial instruments continued

- Debentures, term loans and bank overdrafts to allow the Group to raise finance
- Derivative transactions to manage any of the risks arising from the use of the above instruments
- Derivative transactions to hedge the net investment in overseas subsidiaries

It remains the Group's policy that no trading in derivatives is undertaken. Information in respect of the Portfolio is included on pages 21 to 33. Additionally, there are no net investment hedges in place in 2024 or 2025.

Capital management

The Company is not allowed to retain more than 15% of its income from shares and securities each year and has a policy to increase dividends. However revenue profits are calculated after all expenses. Distributions will not be made if they inhibit the investment strategy. This policy on dividends is expected to continue going forwards. The investment strategy of the Company is disclosed on page 34 and includes a ceiling on effective gearing of 50%, with a typical range of 10% net cash to 20% gearing. At 31 December 2025 gearing was 12% (2024: 11%). Gearing is calculated in line with net gearing guidelines from the AIC, refer to page 168 for calculation.

Capital is represented by the Group's net assets. The Group and Company held the following categories of financial assets and liabilities at 31 December 2025:

GROUP	2025 £000	Restated 2024 £000
Assets		
Financial assets held at fair value through profit or loss:		
Equity investments	**1,357,645**	1,042,039
Financial assets held at amortised cost		
Trade and other receivables	**14,647**	17,758
Cash and cash equivalents	**43,775**	38,354
	58,422	56,112
Total financial assets	**1,416,067**	1,098,151
Liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	**9,786**	8,382
Borrowings	**213,918**	163,868
Lease liability	**4,238**	5,208
Total financial liabilities	**227,942**	177,458

COMPANY	2025 £000	Restated 2024 £000
Assets		
Financial assets held at fair value through profit or loss:		
Equity investments	**1,357,645**	1,041,938
Financial assets held at amortised cost		
Trade and other receivables	**4,003**	2,700
Cash and cash equivalents	**26,047**	26,453
	30,050	29,153
Total financial assets	**1,387,695**	1,071,091
Liabilities		
Financial liabilities measured at amortised cost		
Amounts owed to subsidiary undertakings	**29,186**	25,537
Trade and other payables	**1,909**	1,182
Borrowings	**174,313**	124,295
Total financial liabilities	**205,408**	151,014

19. Financial instruments continued

The principal risks facing the Group in respect of its financial instruments remain unchanged from 2024 and are:

Market risk

Price risk, arising from uncertainty in the future value of financial instruments. The Board maintains strategy guidelines whereby risk is spread over a range of investments, the number of holdings normally being between 70 and 175. In addition, the stock selections and transactions are actively monitored throughout the year by the investment manager, who reports to the Board on a regular basis to review past performance and develop future strategy. The Portfolio is exposed to market price fluctuation: if the valuation at 31 December 2025 fell or rose by 10%, the impact on the Group's total capital reserves for the year would have been £135.8m (2024: £104.2m).

Corresponding 10% changes in the valuation of the Portfolio on the Company's total capital reserves for the year would have been £135.8m (2024: £104.2m). 10% has been used based on historic trends, however we will continue to revisit this on a periodic basis.

Foreign currency risk, arising from movements in currency rates applicable to the Group's investment in equities and fixed interest securities and the net assets of the Group's overseas subsidiaries denominated in currencies other than sterling. The Group's financial assets denominated in currencies other than sterling were:

	2025			2024		
GROUP	**Investments £000**	**Net monetary assets £000**	**Total currency exposure £000**	Investments £000	Net monetary assets £000	Total currency exposure £000
US Dollar	**48,461**	**2,848**	**51,309**	41,391	4,101	45,492
Canadian Dollar	**6,334**	**1**	**6,335**	6,329	–	6,329
Euro	**49,769**	**321**	**50,090**	44,247	410	44,657
Danish Krone	**–**	**–**	**–**	4,935	–	4,935
Swiss Franc	**9,386**	**–**	**9,386**	5,268	–	5,268
Hong Kong Dollar	**–**	**317**	**317**	–	311	311
Japanese Yen	**13,111**	**–**	**13,111**	13,190	–	13,190
South African Rand	**3,553**	**–**	**3,553**	–	–	–
Total	**130,614**	**3,487**	**134,101**	115,360	4,822	120,182

The Group US dollar net monetary assets is that held by the US operations of £1.6m (2024: £2.0m) together with £1.3m (2024: £1.4m) held by non-US operations.

	2025			2024		
COMPANY	**Investments £000**	**Net monetary assets £000**	**Total currency exposure £000**	Investments £000	Net monetary assets £000	Total currency exposure £000
US Dollar	**48,461**	**–**	**48,461**	41,391	–	41,391
Canadian Dollar	**6,334**	**–**	**6,334**	6,329	–	6,329
Euro	**49,769**	**–**	**49,769**	44,247	–	44,247
Danish Krone	**–**	**–**	**–**	4,935	–	4,935
Swiss Franc	**9,386**	**–**	**9,386**	5,268	–	5,268
Hong Kong Dollar	**–**	**–**	**–**	–	–	–
Japanese Yen	**13,111**	**–**	**13,111**	13,190	–	13,190
South African Rand	**3,553**	**–**	**3,553**	–	–	–
Total	**130,614**	**–**	**130,614**	115,360	–	115,360

19. Financial instruments continued

The holding in Scottish Oriental Smaller Companies Trust is denominated in sterling but has underlying assets in foreign currencies equivalent to £8.7m (2024: £9.4m). Investments made in the UK and overseas have underlying assets and income streams in foreign currencies which cannot easily be determined and have not been included in the sensitivity analysis. If the value of all other currencies at 31 December 2025 rose or fell by 10% against sterling, the impact on the Group's total profit or loss for the year would have been £14.5m and £11.9m respectively (2024: £12.8m and £10.5m). Corresponding 10% changes in currency values on the Company's total profit or loss for the year would have been the same. The calculations are based on the Portfolio at the respective year end dates and are not representative of the year as a whole.

Interest rate risk, arising from movements in interest rates on borrowing, deposits and short-term investments. The Board reviews the mix of fixed and floating rate exposures and ensures that gearing levels are appropriate to the current and anticipated market environment. The Group's interest rate profile was:

	2025							
	GROUP					COMPANY		
	Sterling £000	**HK Dollars £000**	**US Dollars £000**	**Euro £000**	**AU Dollars £000**	**Sterling £000**	**US Dollars £000**	**Euros £000**
Floating rate assets	**40,223**	**358**	**2,848**	**321**	**25**	**26,047**	**–**	**–**

	2024							
	GROUP					COMPANY		
	Sterling £000	HK Dollars £000	US Dollars £000	Euro £000	AU Dollars £000	Sterling £000	US Dollars £000	Euros £000
Floating rate assets	33,484	311	4,101	410	–	26,453	–	–

The Group holds cash and cash equivalents on short-term bank deposits and money market funds. Interest rates tend to vary with bank base rates. The investment portfolio is not directly exposed to interest rate risk.

	GROUP		COMPANY	
	2025 Sterling £m	2024 Sterling £m	**2025 Sterling £m**	2024 Sterling £m
Fixed rate liabilities	**163,919**	163,868	**124,313**	124,295
Weighted average fixed rate for the year	**3.96%**	3.96%	**3.27%**	3.27%

	GROUP		COMPANY	
	2025 Sterling £m	2024 Sterling £m	**2025 Sterling £m**	2024 Sterling £m
Floating rate liabilities	**50,000**	–	**50,000**	–
Weighted average fixed rate for the year	**5.13%**	–	**5.13%**	–

If interest rates during the year were 1.0% higher the impact on the Group's total profit or loss for the year would have been £300,000 credit (2024: £256,000 credit). It is assumed that interest rates are unlikely to fall below the current level.

The Company holds cash and cash equivalents on short-term bank deposits and money market funds. It also has borrowings. Amounts owed to subsidiary undertakings include £40m at a fixed rate. Interest rates on cash and cash equivalents and amounts due to subsidiary undertakings at floating rates tend to vary with bank base rates. A 1.0% increase in interest rates would have affected the Company's profit or loss for the year by £197,000 credit (2024: £145,000 credit). The calculations are based on the balances at the respective year end dates and are not representative of the year as a whole.

19. Financial instruments continued

Liquidity risk

Is the risk arising from any difficulty in realising assets or raising funds to meet commitments associated with any of the above financial instruments. To minimise this risk, the Board's strategy largely limits investments to equities and fixed interest securities quoted in major financial markets. In addition, cash balances are maintained commensurate with likely future settlements. The maturity of the Group's existing borrowings is set out in note 20. The interest on borrowings is paid bi-annually on March and September for the 2045 secured senior notes, April and October for the 2034 secured bonds and May and November for the 2041 and 2050 senior secured notes. Interest on term loan is paid quarterly on March, June, September and December. Refer to note 20 for details of financial covenants attached to the loan notes.

The tables below illustrate the contractual commitments to pay this interest over the time periods outlined as follows:

	2025				2024			
GROUP Instrument	**Interest payable < 1 year £000**	**Interest payable 1 - 5 years £000**	**Interest payable 5 - 10 years £000**	**Interest payable > 10 years £000**	Interest payable < 1 year £000	Interest payable 1 - 5 years £000	Interest payable 5 - 10 years £000	Interest payable > 10 years £000
SONIA + 1.4% unsecured term loan 2028	**2,565**	**5,130**	**–**	**–**	–	–	–	–
6.125% guaranteed secured bonds 2034	**2,450**	**9,800**	**9,800**	**–**	2,450	9,800	12,250	–
3.77% secured senior notes 2045	**2,828**	**11,310**	**14,138**	**28,275**	2,828	11,310	14,138	31,103
2.54% secured senior notes 2041	**508**	**2,032**	**2,540**	**3,048**	508	2,032	2,540	3,556
2.53% secured senior notes 2050	**759**	**3,036**	**3,795**	**11,385**	759	3,036	3,795	12,144
Lease liabilities: undiscounted cash flows	**1,106**	**3,698**	**–**	**–**	1,242	4,033	771	–
Total Group	**10,216**	**35,006**	**30,273**	**42,708**	7,787	30,211	33,494	46,803

	2025				2024			
COMPANY Instrument	**Interest payable < 1 year £000**	**Interest payable 1 - 5 years £000**	**Interest payable 5 - 10 years £000**	**Interest payable > 10 years £000**	Interest payable < 1 year £000	Interest payable 1 - 5 years £000	Interest payable 5 - 10 years £000	Interest payable > 10 years £000
SONIA + 1.4% unsecured term loan 2028	**2,565**	**5,130**	**–**	**–**	–	–	–	–
3.77% secured senior notes 2045	**2,828**	**11,310**	**14,138**	**28,275**	2,828	11,310	14,138	31,103
2.54% secured senior notes 2041	**508**	**2,032**	**2,540**	**3,048**	508	2,032	2,540	3,556
2.53% secured senior notes 2050	**759**	**3,036**	**3,795**	**11,385**	759	3,036	3,795	12,144
Total Company	**6,660**	**21,508**	**20,473**	**42,708**	4,095	16,378	20,473	46,803

Credit risk

Credit risk is the risk arising from the failure of another party to perform according to the terms of their contract.

The Group's maximum exposure to credit risk arising from financial assets is £58.4m (2024: £56.1m). The Company's maximum exposure to credit risk arising from financial assets is £30.0m (2024: £29.2m).

Cash and cash equivalents are held with banks which are rated "A-" or higher by Standard & Poor's Rating Services. The credit risk on liquid funds and borrowings is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies.

Credit risk arises on outstanding trade receivables, principally from clients in the IPS business. The Group manages credit risk through a combination of upfront client due diligence, contractual payment terms and ongoing monitoring of outstanding balances. Additionally, the Group's client base is diversified across multiple sectors and jurisdictions, which mitigates concentration risk. Reviews are undertaken to ensure that on an ongoing basis no client accounts for a significant proportion of revenue and trade receivables.

Specific provisions are made when there is evidence that the Group will not be able to collect the debts from the customer and the Group writes off a trade receivable when there is information indicating that there is no realistic prospect of recovery. The ageing of trade receivables and the expected credit loss at the reporting date are disclosed on page 156.

Stock lending

Stock lending agreements are transactions in which the Group lends securities for a fee and receives cash as collateral. The Group continues to recognise the securities in their entirety in the statement of financial position because it retains substantially all of the risks and rewards of ownership. Because as part of the lending arrangement the Group sells the contractual rights to the cash flows of the securities, it does not have the ability to use the transferred assets during the term of the arrangement.

Stock lending transactions are carried out with a number of approved counterparties. Details of the value of securities on loan at the year end can be found in note 27. In summary, the Group only transacts with counterparties that it considers to be creditworthy.

19. Financial instruments continued

Trade and other receivables

The ageing profile of the carrying value of trade receivables past due is as follows:

	GROUP		COMPANY	
	2025 £000	2024 £000	**2025 £000**	2024 £000
Between 31 and 60 days	**1,055**	2,474	**–**	–
Between 61 and 90 days	**561**	2,476	**–**	–
More than 91 days	**2,167**	5,125	**3**	36
Total	**3,783**	10,075	**3**	36

IFRS 9 credit loss rates

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses trade receivables are grouped based on similar risk characteristics including business area and business geography and ageing.

The expected loss rates are estimated using the Group's historical credit losses experienced over a three-year period prior to the year end. The historical loss rates are adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified gross domestic product (GDP) and unemployment trends act as key economic indicators which may impact our customers' future ability to pay debt.

The below table displays the gross carrying amount against the expected credit loss provision and specific provisions. Specific provisions relate to certain balances 91+ days overdue and the Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The total specific and credit loss provision at 31 December 2025 is £1,576,000 (2024: £1,975,000).

The loss allowance as at 31 December 2025 was determined as follows:

Trade receivables - days past due

	Current £000	**1 - 30 days overdue £000**	**31 - 60 days overdue £000**	**61 - 90 days overdue £000**	**91+ days overdue £000**	**Total £000**
31 December 2025						
Expected loss rate	**1.01%**	**1.52%**	**1.03%**	**1.04%**	**3.02%**	**1.50%**
Gross carrying amount	**4,952**	**1,533**	**1,055**	**561**	**2,064**	**10,165**
Credit loss provision	**(50)**	**(23)**	**(11)**	**(6)**	**(62)**	**(152)**
Specific provision	**–**	**–**	**–**	**–**	**(1,423)**	**(1,423)**
Net carrying amount	**4,902**	**1,510**	**1,044**	**555**	**579**	**8,590**

The loss allowance as at 31 December 2024 was determined as follows:

Trade receivables - days past due

	Current £000	1 - 30 days overdue £000	31 - 60 days overdue £000	61 - 90 days overdue £000	91+ days overdue £000	Total £000
31 December 2024						
Expected loss rate	2.94%	3.10%	3.42%	3.48%	4.35%	3.60%
Gross carrying amount	1,541	4,089	2,474	2,476	5,125	15,705
Credit loss provision	(45)	(127)	(85)	(86)	(223)	(566)
Specific provision	–	–	–	–	(1,409)	(1,409)
Net carrying amount	1,496	3,962	2,389	2,390	3,493	13,730

19. Financial instruments continued

	GROUP		COMPANY	
Trade and other payables	2025 £000	Restated 2024 £000	2025 £000	Restated 2024 £000
Due in less than one month	**9,786**	8,382	**1,909**	1,182
Due in more than one month and less than three months	**–**	–	**–**	–
Total	**9,786**	8,382	**1,909**	1,182

Fair value

The Directors are of the opinion that the fair value of financial assets and liabilities of the Group is not materially different from their carrying values in the statement of financial position, with the exception of the borrowings (see note 20).

Derecognition – financial assets

The Group enters into stock lending transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

20. Borrowings

Borrowings are repayable as follows:

	GROUP		COMPANY	
	2025 £000	2024 £000	2025 £000	2024 £000
SONIA + 1.4% unsecured term loan 2028 (£50m)	**50,000**	–	**50,000**	–
6.125% guaranteed secured bonds 2034 (£40m)	**39,605**	39,573	**–**	–
3.77% secured senior notes 2045 (£75m)	**74,438**	74,420	**74,438**	74,420
2.54% secured senior notes 2041 (£20m)	**19,904**	19,904	**19,904**	19,904
2.53% secured senior notes 2050 (£30m)	**29,971**	29,971	**29,971**	29,971
Amounts owed to subsidiary undertakings	**–**	–	**29,186**	25,537
Total	**213,918**	163,868	**203,499**	149,832

The borrowings are stated in the statement of financial position at amortised cost. Including them at a fair value of £166.9m at 31 December 2025 (2024: £121.5m) would have the effect of increasing the year end NAV by 35.36p (2024: increase of 32.11p). The estimated fair value is based on the redemption yield of reference gilts plus a margin derived from the spread of A rated UK corporated bond yields over UK gilt yields (2024: A).

On 31 December 2025, the Company entered into a £50m unsecured term loan facility with a maturity date of 31 December 2028. The term loan bears interest at a rate of SONIA plus 1.4% per annum, payable in accordance with the facility agreement. Simultaneously, the Company established a £50m unsecured revolving credit facility (RCF) with the same maturity date, which remained undrawn at 31 December 2025.

The 6.125% bonds were issued by Law Debenture Finance p.l.c. and guaranteed by the Company. The £40m nominal tranche, which produced proceeds of £39.1m, is constituted by a trust deed dated 12 October 1999 and the Company's guarantee is secured by a floating charge on the undertaking and assets of the Company. The bonds are redeemable at nominal amount on 12 October 2034. Interest (see note 5) is payable semi-annually in equal instalments on 12 April and 12 October in each year.

The 3.77% notes were issued by the Company. The £75m nominal tranche, which produced proceeds of £74.5m, is constituted by a note purchase agreement and the notes are secured by a floating charge which ranked pari passu with the charge given as part of the 6.125% bond issue. The notes are redeemable at nominal amount on 25 September 2045. Interest (see note 5) is payable semi-annually in equal instalments on 25 March and 25 September in each year.

20. Borrowings continued

The 2.54% Series A notes were issued by the Company. The £20m nominal tranche, which produced proceeds of £20m, is constituted by a note purchase agreement dated 2 November 2021 and the notes are secured by a floating charge which ranked pari passu with the charge given as part of the 6.125% bond issue and with the charge given as part of the 3.77% note issue. The notes are redeemable at nominal amount on 2 November 2041. Interest is payable semi-annually in equal instalments on 2 May and 2 November in each year. The first interest payment was made on 2 May 2022.

The 2.53% Series B notes were issued by the Company. The £30m nominal tranche, which produced proceeds of £30m, is constituted by a note purchase agreement dated 2 November 2021 and the notes are secured by a floating charge which ranked pari passu with the charge given as part of the 6.125% bond issue and with the charge given as part of the 3.77% note issue. The notes are redeemable at nominal amount on 2 November 2050. Interest is payable semi-annually in equal instalments on 2 May and 2 November in each year. The first interest payment was made on 2 May 2022.

The borrowings are stated in the statement of financial position at amortised cost. Including them at a fair value of £166.9m at 31 December 2025 (2024: £121.5m) would have the effect of increasing the year end NAV by 35.27p (2024: increase of 32.11p). The estimated fair value is based on the redemption yield of reference gilts plus a margin derived from the spread of A rated UK corporate bond yields over UK gilt yields (2024: A).

The £40m Debenture is classified within Level 1. It is listed on an active market and its fair value is determined by reference to its unadjusted quoted market price at the balance sheet date, with no valuation adjustments applied.

The £75m, £20m and £30m Debentures are classified within Level 2 as there are similar instruments in the market. The fair values of the debentures are determined by discounting forecasted cash flows using a bottom-up discount rate. The bottom-up discount rate is arrived by using observable market inputs, including applicable credit spreads and prevailing interest rates for comparable instruments, with adjustments made where necessary to reflect differences between the observed market data and the specific terms of each instrument.

The £50m unsecured term loan is also classified within Level 2. It was drawn on 31 December 2025 and is held at par, reflecting its fair value at the measurement date given the proximity to the drawdown.

There are financial covenants attached to three of the borrowing, being the 3.77%, 2.54% Series A and 2.53% Series B loan notes issued by the Company. The principal financial covenants are consistent across the notes, with a minimum net asset value to equal or exceed £300m and a restriction on total indebtedness whereby total net borrowings shall not exceed 33% of the Net Asset Value. In the event of a covenant breach, the principal and interest on the notes become immediately repayable. The financial covenants are monitored closely and reported to the Noteholders monthly.

There continues to be significant headroom across all financial covenants and no breaches were triggered in the year.

21. Contingent liabilities

The Group is from time to time party to legal proceedings and claims, which arise in the ordinary course of the IPS business. The Directors do not believe that the outcome of any of these proceedings and claims, either individually or in aggregate, will have a material adverse effect upon the Group's financial position.

The Company has provided a guarantee to a subsidiary undertaking in respect of the ongoing liabilities of the Group defined benefit pension scheme (see note 23). The Company has provided surety for the lease of the Group's main property which is held by a subsidiary undertaking. The annual rental is currently £871,000 and its full term ends in 2030. The Company guarantees the servicing of the debt payments required on the 6.125% guaranteed secured bonds 2034 issued by Law Debenture Finance p.l.c. This is accounted for via the intercompany account between the Company and its subsidiary.

The Company provides letters of support to its subsidiaries when necessary. The Company does not reasonably expect a liability to arise in relation to these.

22. Leases

Management estimate that the fair value of the Group's lease obligations approximates their carrying amount.

There are no material future cash flows relating to leases in place as at 31 December 2025 that are not reflected in the minimum lease payments disclosed below and the Group does not have any leases to which it is contracted but which are not yet reflected in the minimum lease payments. There are no restrictions nor covenants imposed by any leases to which the Group has entered into. The Group does not have any leases where payments are variable.

In line with IFRS16 short-term lease exemption, no lease liability is recognised in respect of leases which have a lease term of less than twelve months in duration at the point of entering into the lease or where the purchase price of the underlying right-of-use asset is less than £5,000. Where relevant, the total value of these is immaterial.

The total cash outflow for leases in the year was £1,256,000 (2024: £1,295,000), this is presented in the Consolidated Cash Flow Statement relating to the principal element of the lease liability payments.

22. Leases continued

Right-of-use assets

Additional information on the right-of-assets is as follows:

	GROUP			
	Office building leases		Total right-of-use assets	
	2025 £000	2024 £000	**2025 £000**	2024 £000
Cost				
Opening balance at 1 January	**3,822**	4,131	**3,822**	4,131
Leases signed in year	**138**	–	**138**	–
Lease extension	**158**	389	**158**	389
Depreciation	**(885)**	(719)	**(885)**	(719)
Foreign exchange difference	**–**	21	**–**	21
Net book value				
At 31 December	**3,233**	3,822	**3,233**	3,822

	2025 £000	2024 £000
Amounts recognised in profit and loss		
Depreciation expense on right-of-use assets	**885**	719
Interest expense on lease liabilities	**210**	254
	1,095	973

Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	2025 £000	2024 £000
Current	**708**	1,018
Non-current	**3,530**	4,190
Total lease liability	**4,238**	5,208

Amounts payable under leases	**2025 £000**	2024 £000
Within one year	**1,106**	1,242
Between one and five years	**3,698**	4,033
After five years	**–**	771
	4,804	6,046
Less: future finance charges	**(566)**	(838)
Present value of lease obligations	**4,238**	5,208
Less: amounts due for settlement within one year (shown within current liabilities)	**(708)**	(1,018)
Amounts due for settlement after one year (shown within non current liabilities)	**3,530**	4,190

Leases signed in the year

A new lease was signed in Delaware Corporate Services during 2025.

23. Pension commitments

For some employees, the Group operates a funded pension plan providing benefits for its employees based on final pensionable emoluments. The assets of the plan are held in a separate trustee administered fund. The Company has appointed an independent sole trustee to oversee the governance of the fund. The plan closed to future accrual of benefits on 31 December 2016 and benefits now increase broadly in line with inflation.

Under the defined benefit pension plan, each member's pension at retirement is related to their pensionable service and final pensionable emoluments. The weighted average duration of the expected benefit payments from the plan is around 20 years. The defined benefit scheme is operated from a trust, which has assets which are held separately from the Group and is overseen by an independent sole trustee who ensures the plan's rules are strictly followed.

These figures were prepared by an independent qualified actuary in accordance with IAS19 (revised), and are based on membership data as at 31 December 2025. The funding target is for the plan to hold assets equal in value to the accrued benefits based on projected pensionable emoluments. If there is a shortfall against this target, then the Group and the trustee will agree deficit contributions to meet this deficit over a period.

There is a risk to the Group that adverse experience could lead to a requirement for the Group to make additional contributions to reduce any deficit that arises.

Contributions are set based upon funding valuations carried out every three years; the next valuation is due to be carried out as at 31 December 2026. The amount of total employer contributions expected to be paid to the Plan during 2026 is £nil (2025 actual: £nil).

Actuarial gains and losses are recognised immediately through other comprehensive income.

The major assumptions in the 31 December 2025 disclosure under IAS19 (revised) are shown below and are applied to membership data supplied at that date. This shows the net pension assets and liabilities.

Significant actuarial assumptions:	**2025**	2024
Retail Price Inflation	**2.8%**	3.2%
Consumer Price Inflation*	**RPI at 1.0% p.a. to 2030. RPI reduce to low levels p.a. thereafter**	RPI at 1.0% p.a. to 2030. RPI reduce to low levels p.a. thereafter
CPI single equivalent rate	**2.4%**	2.7%
Discount rate	**5.5%**	5.4%
National Average Earnings ('NAE') increase rate	**4.1%**	4.4%
Pension increases in payment:		
RPI, max 2.5% p.a.	**2.0%**	2.1%
RPI, max 5.0% p.a.	**2.7%**	3.1%
CPI, max 3.0% p.a.	**2.0%**	2.2%

** Relates to dividends unclaimed over 12 years old.*

	2025 years	2024 years
Life expectancy of male/female aged 65 in 2025	**87.8/90.1**	87.5/90.0
Life expectancy of male/female aged 45 in 2025	**89.1/91.5**	88.7/91.3

The amounts recognised in the income statement are as follows:	**2025 £000**	2024 £000
Administration expenses	**222**	–
Interest cost	**1,811**	1,716
Interest income	**(2,371)**	(2,053)
Total charge (credit) to profit and loss account	**(338)**	(337)

23. Pension commitments continued

Analysis of the amount charged to other comprehensive income	2025 £000	2024 £000
Actual return less interest income	**1,143**	(1,006)
Actuarial gains/(losses) – change in financial assumptions	**1,458**	3,259
Actuarial gains/(losses) – change in demographic assumptions	**(500)**	790
Actuarial gains/(losses) – experience	**(383)**	(305)
Total amount charged to other comprehensive income (loss)	**1,718**	2,738

The current allocation of plan assets is as follows:	2025 Allocation %	2025 £000	2024 Allocation %	2024 £000
Equities	**(18.5%)**	**8,535**	(17.3%)	7,834
Corporate bonds	**(24.1%)**	**11,112**	(31.0%)	14,013
LDI	**(28.5%)**	**13,157**	(18.5%)	8,340
Pensioner annuities	**(0.9%)**	**428**	(1.0%)	465
Infrastructure	**(16.1%)**	**7,424**	(16.0%)	7,220
Cash/other	**(5.7%)**	**2,622**	(14.8%)	6,690
Bonds	**(4.9%)**	**2,268**	–	–
NCA	**(1.3%)**	**581**	(1.4%)	632
Total	**(100%)**	**46,127**	(100%)	45,194

- The Plan holds a number of pensioner annuities which have been valued consistently with the defined benefit obligation using membership data as at 31 December 2023.
- At the time of writing, the value of the JP Morgan infrastructure investment fund on 31 December 2025 is unaudited. The value of £7.4m used is provided in US Dollars and converted using an exchange rate as at 31 December 2025.
- The Plan's non-annuity assets are invested in pooled funds, which are not themselves quoted. However, the pooled funds are invested in assets with prices quoted and traded on public exchanges. The exception to this is the JP Morgan infrastructure fund, where underlying investments are not quoted.

Movement in present value of defined benefit obligation	2025 £000	2024 £000
Opening defined benefit obligation at 1 January	**34,719**	38,700
Interest cost	**1,811**	1,716
Benefits paid	**(2,359)**	(1,953)
Experience adjustments	**383**	305
Changes in financial assumptions (gain)/loss	**(1,458)**	(3,259)
Changes in demographic assumptions (gain)/loss	**500**	(790)
Closing defined benefit obligation at 31 December	**33,596**	34,719

Movement in fair value of plan assets	2025 £000	2024 £000
Opening fair value of assets at 1 January	**45,194**	46,100
Interest income	**2,371**	2,053
Benefits paid	**(2,359)**	(1,953)
Return on assets less interest income	**1,143**	(1,006)
Administration expenses paid	**(222)**	–
Closing fair value of assets at 31 December	**46,127**	45,194

23. Pension commitments continued

The pension plan is exposed to investment risk (the movement of the discount rate used against the value of the plans assets), interest rate risk (decreases/increases in the discount rate which will increase/decrease the defined benefit obligation) and longevity risk (changes in the estimation of mortality rates of members).

Movement in the net defined benefit asset	2025 £000	2024 £000
Opening net defined benefit asset at 1 January	**10,475**	7,400
Amount recognised through profit and loss	**338**	337
Actuarial gains / (losses)	**1,718**	2,738
Closing net defined benefit asset at 31 December	**12,531**	10,475

Amounts recognised in statement of financial position	2025 £000	2024 £000
Fair value of assets	**46,127**	45,194
Present value of defined benefit obligation	**(33,596)**	(34,719)
Net defined benefit asset	**12,531**	10,475

Over the year to 31 December 2025, the balance sheet surplus increased from £10.5m to £12.5m. The balance sheet position was influenced by the following factors:

- the changes in demographic assumptions which decreases the value of the pension obligations; and
- changes in financial conditions causing the liabilities to reduce more.

In recognising the surplus in its defined benefit pension plan, Law Debenture has considered the conditions and guidance in IAS 19 and IFRIC 14 and has concluded that it is appropriate to recognise a surplus in full. Law Debenture has assessed that it has an unconditional right to the surplus as described in paragraph 11(b) of IFRIC 14. The expected method of recovery is a refund to Law Debenture of any surplus remaining once all of the Plan's liabilities have been exhausted.

Defined benefit scheme

The calculation of the defined benefit scheme assets and obligations is sensitive to the assumptions used.

The sensitivity to changes in assumptions and conditions which are significant to the calculation of the asset have been considered and the following is an illustration of the potential impact.

	Increase/(decrease) in defined benefit obligations	
	At 31 December 2025 £ million	At 31 December 2024 £ million
Discount rate +0.5%	**(1.9)**	(2.0)
RPI Inflation assumptions +0.5%	**1.4**	1.5
Life expectancy at 65 +1 year	**1.3**	1.3

The Court of Appeal's July 2024 ruling in Virgin Media Limited v NTL Pension Trustees II Limited has potential implications for the validity of amendments made by contracted-out pension schemes between 1997 and 2016. The Group's defined benefit pension scheme was contracted out during this period and a small number of amendments were made where it is unclear whether the required actuarial confirmations were obtained. Given the relative size of the scheme, any financial impact would be expected to be immaterial, though uncertainty remains and no adjustment has been made.

Since the 2024 Annual Report, the Government has introduced provisions in the Pension Schemes Bill, expected to receive Royal Assent in Spring 2026, which will allow scheme actuaries to retrospectively confirm that past amendments met the required standards. The Trustees have advised they will await Financial Reporting Council guidance and for the provisions to come into force before working with the scheme's actuaries to provide the necessary confirmations. The Group will continue to monitor developments.

Defined contribution scheme

The Group paid employer contributions of £2.5m (2024: £2.0m) into UK defined contribution schemes.

24. Related party transactions

GROUP

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

COMPANY

The related party transactions between the Company and its wholly owned subsidiary undertakings are summarised as follows:

	2025 £000	2024 £000
Dividends from subsidiaries	**8,200**	14,250
Interest on intercompany balances charged by subsidiaries	**721**	721
Management charges from subsidiaries	**2,095**	1,000

The ultimate parent entity is The Law Debenture Corporation p.l.c.

Amounts owed to subsidiary undertakings represent intercompany loans which are unsecured, interest-free and repayable on demand. These are presented net due to the intercompany netting agreement (see accounting policies).

Key management personnel costs

The key management personnel are the Directors of the Company and are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. Details of their compensation are included in note 4 to the accounts on page 139 and in Parts 2 to 4 of the Remuneration Report on pages 89 to 101. Key management personnel costs are £2,201k (2024: £1,879k).

25. Movement in borrowings

Under IAS 7, the movement in borrowings in the year are as follows:

GROUP	**31 December 2025 £000**	**Non-cash items movement £000**	31 December 2024 £000	Non-cash items movement £000	31 December 2023 £000
SONIA + 1.4% unsecured term loan 2028	**50,000**	**–**	–	–	–
6.125% guaranteed secured bonds 2034	**39,605**	**32**	39,573	27	39,546
3.77% secured senior notes 2045	**74,438**	**18**	74,420	(7)	74,427
2.54% secured senior notes 2041	**19,904**	**–**	19,904	(32)	19,936
2.53% secured senior notes 2050	**29,971**	**–**	29,971	(9)	29,980
	213,918	**50**	163,868	(21)	163,889

COMPANY	**31 December 2025 £000**	**Cash movements £000**	Non-cash items movement £000	31 December 2024 £000	Cash movements £000	Non-cash items movement £000	31 December 2023 £000
SONIA + 1.4% unsecured term loan 2028	**50,000**	**–**	–	–	–	–	–
3.77% secured senior notes 2045	**74,438**	**–**	18	74,420	–	(7)	74,427
2.54% secured senior notes 2041	**19,904**	**–**	–	19,904	–	(32)	19,936
2.53% secured senior notes 2050	**29,971**	**–**	–	29,971	–	(9)	29,980
Amounts owed to subsidiary undertakings	**29,186**	**3,649**	–	25,537	6,979	–	18,558
	203,499	**3,649**	18	149,832	6,979	(48)	142,901

26. Distributable reserves

After paying the third interim and final dividends, the Company has sufficient retained earnings to pay 2.9 years of dividend payments at the current level. After paying the final dividend, the Group has retained earnings to pay 3.4 years of dividends at the current level. The Company has realised capital reserves of £763,232k (2024: £728,297k) which would allow 16.3 years (2024: 16.5 years) of dividend payments at the current level. The Group has realised capital reserves of £689,068k (2024: £654,133k) which would allow 14.8 years (2024: 14.8 years) of dividend payments at the current level.

In July 2025, the Company obtained Court approval to cancel approximately £119.9m of share premium balance, resulting in a £119.7m transfer from the Share Premium reserve to Retained Earnings. The balance of £0.2m remains as a non-distributable Special Reserve, representing the short-term creditors at the cancellation date, that were unsettled at 31 December 2025. This balance will become distributable upon final settlement.

27. Stock lending revenue

At 31 December 2025, the total value of securities on loan by the Company for stock lending purposes was £80,366k (2024: £141,485k). The maximum aggregate value of securities on loan at any one time during the year ended 31 December 2025 was £194,001k (2024: £219,341k).

Stock lending revenue net of cost of sales for 2025 was £2,203k (2024: £856k).

28. Note to the statement of cash flows

	GROUP		COMPANY	
Cash flows from operating activities	**2025 £000**	2024 £000	**2025 £000**	2024 £000
Operating profit/(loss) before interest and taxation	**313,020**	104,657	**304,606**	120,997
Adjust for non-cash flow items:				
Losses/(gains) on investments	**(262,650)**	(76,301)	**(262,650)**	(76,301)
Movement in amortised cost of borrowings	**50**	(21)	**18**	(48)
Depreciation of property, plant and equipment	**633**	566	**–**	–
Depreciation of right-of-use assets	**885**	719	**–**	–
Amortisation of intangible assets	**1,107**	1,046	**–**	–
Goodwill impairment	**–**	17,037	**–**	–
Decrease/(increase) in receivables	**2,529**	5,683	**(1,545)**	502
(Decrease)/increase in payables	**1,404**	(4,387)	**727**	174
(Decrease)/increase in deferred income	**316**	459	**1**	–
(Decrease)/increase in other taxation payable	**(451)**	(1,473)	**(25)**	(815)
Normal pension contributions in excess of cost	**(338)**	(337)	**–**	–
Dividends received	**(39,568)**	(36,578)	**(47,772)**	(50,828)
Cash flows from operating activities	**16,937**	11,070	**(6,640)**	(6,319)

29. Prior year restatement

Following a routine review by the Financial Reporting Council (FRC) during the year, the Group received correspondence from the FRC requesting further information relating to the Group's 2024 Annual Report and Financial Statements. The FRC's review is limited to the published Annual Report and Financial Statements and does not involve a detailed examination of underlying transactions, nor does it provide assurance that the Annual Report and Financial Statements are correct in all material respects.

As a result of this enquiry, the Group and Company's Statement of financial position as at 31 December 2024 were restated to remove the liability previously recognised for the 2024 third interim dividend (£10,607k), which was announced on 12 December 2024, but unpaid as at 31 December 2024. The related opening balances as at 1 January 2024 were also restated to remove the liability for the 2023 third interim dividend (£10,003k), which was announced on 14 December 2023 but unpaid as at 31 December 2023. As at 31 December 2024, this resulted in an increase in Retained Earnings of £10,607k and a corresponding increase in Total Net Assets. This restatement has been made to align the accounting treatment for interim dividends with the Group's accounting policy for dividends as set out in Note 1, whereby interim dividends are only recognised when they are paid. Consistent treatment, in line with the Group's accounting policy has been applied at 31 December 2025 and will be applied in future reporting periods.

The financial statement line items affected in the prior years are as follows:

		Group			Company		
		2024 £000	Increase/ (decrease) £000	31 Dec 2024 (restated) £000	2024 £000	Increase/ (decrease) £000	31 Dec 2024 (restated) £000
Statement of Financial Position	Trade and other payables	18,989	(10,607)	8,382	11,789	(10,607)	1,182
	Total net assets	920,764	10,607	931,371	970,631	10,607	981,238
	Total equity	920,764	10,607	931,371	970,631	10,607	981,238
Statement of Changes in Equity	Retained earnings 1 January 2024	47,545	10,003	57,548	33,315	10,003	43,318
	Total equity 1 January 2024	854,229	10,003	864,232	887,135	10,003	897,138
	Dividend relating to 2023	(11,971)	(10,003)	(21,974)	(11,971)	(10,003)	(21,974)
	Dividend relating to 2024	(31,640)	10,607	(21,033)	(31,640)	10,607	(21,033)
	Retained earnings 31 December 2024	49,823	10,607	60,430	34,283	10,607	44,890
	Total equity	920,764	10,607	931,371	970,631	10,607	981,238

		Group			Company		
		1 Jan 2024 £000	Increase/ (decrease) £000	1 Jan 2024 (restated) £000	1 Jan 2024 £000	Increase/ (decrease) £000	1 Jan 2024 (restated) £000
Statement of Financial Position	Trade and other payables: Current	**22,553**	(10,003)	12,550	11,023	(10,003)	1,020
	Total Net Assets	**854,229**	10,003	864,232	887,135	10,003	897,138
	Total Equity	**854,229**	10,003	864,232	887,135	10,003	897,138

Stuart Mason
'Echoes of Conflict- reclaimed by time"

Alternative Performance Measures

Alternative performance measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the financial framework that the Company has chosen to apply (International Financial Reporting Standards and the AIC SORP). The Directors use these measures as a means of assessing the Company's performance. The measures are particularly relevant for investment trusts and are widely used across the investment trust sector.

Net Asset Value per ordinary share

The value of the Company's assets (i.e. investments (see note 13)) and cash at bank (see Statement of Financial Position) less any liabilities (i.e. borrowings (see note 20)) for which the Company is responsible, divided by the number of shares in issue (see note 9). The aggregate NAV is also referred to as total shareholders' funds in the Statement of Financial Position. In Law Debenture's case, the published NAV will include adjustments to reflect the fair value of the IPS business and the Company's debt. There is a detailed summary of the NAV, including a description of how it is calculated, on page 40 of the Annual Report. From 1 July 2023, the NAV per ordinary share has been published daily. Prior to that it was published weekly and immediately after each month end.

The change in NAV per share (see total return below) over one, three, five and ten years, as shown at page 6, is calculated by taking total return over the respective period and dividing by the opening NAV at the start of each period.

Net Asset Value with debt at fair value

The Group's debt (borrowings, further details can be found in note 20 on pages 157 and 158) is valued in the Statement of Financial Position (page 124) at amortised cost, which is materially equivalent to the repayment value of the debt on the assumption that it is held to maturity. This is often referred to as 'Debt at Par'. The current fair value of the debt, which assumes it is repaid under current market conditions, is referred to as 'Debt at Fair Value'. This fair value is detailed in note 20 on page 158. The difference between the fair and par values of the debt is subtracted from or added to the Statement of Financial Position to derive the NAV with debt at fair value (see note 9 on page 143). The NAV with debt at fair value At 31 December 2025 was £1,440,357k (1,081.49 pence per ordinary share) and the NAV with debt at par was £1,393,385k (1,046.22 pence per ordinary share).

The NAV with debt at fair value is presented in accordance with AIC methodology. This includes the deduction against NAV for dividends at the ex-dividend date.

Discount or premium

The amount by which the market price per share of an investment trust is either higher (premium) or lower (discount) than the NAV per share, expressed as a percentage of the NAV per ordinary share.

	Net Asset Value (NAV) per share at fair value	Net Asset Value (NAV) per share at par	Share price pence	Premium/ (discount) to fair value NAV	Premium/ (discount) to par value NAV
At 31 December 2025	**1,081.49**	**1,046.22**	**1,054**	**(2.5%)**	**0.7%**
At 31 December 2024	872.34	840.22	893	2.4%	6.3%

Average premium in share price versus NAV (with debt and IPS at fair value)

The discount or premium to share price is calculated in accordance with AIC methodology using performance data held by Law Debenture. The daily average is calculated from the daily share premium/discount recorded throughout the year and divided by the NAV (with debt and IPS at fair value).

Alternative Performance Measures continued

Gearing/(Net cash)

Net gearing is calculated by dividing total borrowings at par less cash and cash equivalents by adjusted shareholders' funds, expressed as a percentage.

			2025 £000	Restated 2024 £000
Borrowings (at par)	Statement of financial position		**213,918**	163,868
Cash and cash equivalents	Statement of financial position		**(43,775)**	(38,354)
Borrowings less cash		(a)	**170,143**	125,514
Net assets per Balance Sheet**			**1,202,075**	931,371
Fair value uplift for IPS business			**202,526**	187,395
Debt fair value adjustment			**46,972**	42,353
Interim Dividend accrual**			**(11,216)**	(10,607)
Adjusted shareholders' funds		(b)	**1,440,357**	1,150,512
Net gearing		(a/b)	**12%**	11%

We believe that it is appropriate to show net gearing in relation to shareholders' funds as it represents the amount of debt funding on the Portfolio.

Ongoing charges

The ongoing charge ratio has been calculated in accordance with guidance issued by the AIC. It represents the total investment management fee and other applicable administrative expenses expressed as a percentage of the average net asset values with debt at fair value throughout the year.

	2025 £000	2024 £000
Management fee revenue expense	**740**	634
Other attributable administration costs	**4,209**	3,196
Administration costs	**4,949**	3,830
Management fee capital expense	**2,219**	1,902
Total ongoing charges	**7,168**	5,732
Average net assets	**1,284,192**	1,124,680
Ongoing charges %	**0.56%**	0.51%

Revenue earnings per share

The revenue earnings per share is the revenue return for the year (see Income Statement) divided by the weighted average number of ordinary shares in issue during the year (see note 9 on page 143).

Alternative Performance Measures continued

NAV total return

The total return is the return on the share price or NAV with debt at fair value taking into account both the rise and fall of NAVs/share prices and dividends paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV with debt at fair value total return). Dividends paid and payable are set out in note 8 on pages 142 to 143.

	NAV per share with debt at fair value	Share price
NAV/Share price per share at 31 December 2024 (pence)	**872.34**	893
NAV/Share price per share at 31 December 2025 (pence)	**1,081.49**	1,054
Change in year (%)	**24.0%**	18.0%
Impact of dividends reinvested (%)	**4.4%**	4.2%
Total return for the year (%)	**28.4%**	22.2%

Yield

The yield is the annual dividend expressed as a percentage of the year end share price.

	2025	2024
Annual dividend (pence)	**35.5**	33.5
Share price (pence)	**1,054**	893
Yield (%)	**3.4%**	3.8%

Underlying profit before Interest and tax ('PBIT')

Underlying profit before Interest and tax ('PBIT') is calculated by adding back the non-recurring costs and capital costs to the statutory result.

	2025 £000	2024 £000
IPS Statutory PBIT (See note 6)	**16,659**	(2,036)
Goodwill impairment (capital)	**–**	17,037
Non-recurring expenses (revenue)	**–**	1,036
Pension surplus net interest income*	**–**	(337)
Underlying PBIT	**16,659**	15,700

** Net interest income on the defined benefit pension asset was included within admin expenses prior to 2025. To aid year-on-year comparability of underlying PBIT, this has been added as an adjustment to 2024 statutory PBIT in reporting underlying PBIT.*

Alternative Performance Measures continued

Underlying profit before tax

Underlying profit before tax ('PBT') is calculated by adding back the non-recurring costs and capital costs to the statutory result.

	2025 £000	2024 £000
IPS Statutory PBT (See note 6)	**17,704**	(1,753)
Goodwill impairment (capital)	**–**	17,037
Non-recurring expenses (revenue)	**–**	1,036
Underlying PBT	**17,704**	16,320

Underlying EBITDA

Underlying earnings before interest, taxes, depreciation, and amortisation ('EBITDA') is calculated by adding back non-recurring costs to the statutory result.

	2025 £000	2024 £000
IPS Statutory PBT (See note 6)	**17,704**	(1,753)
Goodwill impairment (capital)	**–**	17,037
Depreciation, amortisation & interest	**1,789**	1,937
Statutory EBITDA	**19,493**	17,221
Non-recurring items	**–**	1,036
Underlying EBITDA	**19,493**	18,257

Joanna Jenkins
'Rose-Tinted'

Company Advisers and Information

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(Registered in England – No. 00030397)

Investment managers

James Henderson and Laura Foll are joint managers.
They also manage Lowland Investment Company plc and the Henderson UK Equity Income & Growth Fund.

James joined Henderson Global Investors (now Janus Henderson Investors) in 1983 and has been an investment trust portfolio manager since 1990. He first became involved in the management of Law Debenture's Portfolio in 1994 and took over lead responsibility for management of the Portfolio in June 2003.

Laura joined Janus Henderson Investors in 2009 and has held the position of portfolio manager on the Global Equity Income team since 2014. She first became involved with Law Debenture's Portfolio in September 2011 and became joint portfolio manager in 2020.

Alternative Investment Fund Manager

The Law Debenture Corporation p.l.c. Authorised and regulated by the Financial Conduct Authority as an internally managed Alternative Investment Fund. Firm Reference Number: 629081.

Portfolio manager

Janus Henderson Global Investors
201 Bishopsgate, London EC2M 3AE

Auditors

Deloitte LLP, 110 Queen Street, Glasgow, G1 3BX

Depositary

NatWest Trustee and Depositary Services Limited
250 Bishopsgate, London EC2M 4AA

Global custodian

HSBC Bank plc (under delegation by the depositary)
8 Canada Square, London E14 5HQ

Registrar

Computershare Investor Services PLC
The Pavilions, Bridgwater Road, Bristol BS99 6ZZ

T: 0370 707 1129

Joint brokers

J.P. Morgan Securities PLC
25 Bank Street, London E14 5JP

Peel Hunt LLP
100 Liverpool Street, London EC2M 2AT

AIC

A member of the Association of Investment Companies

Shareholder information

Investment trust status

The Company carries on business as an investment trust company as defined in Sections 1158-1159 of the Corporation Tax Act 2010.

Company share information

Information about the Company can be found on its website www.lawdebenture.com. The market price of its ordinary shares is also published daily in the Financial Times.

Registrars

Our registrars, Computershare Investor Services PLC, operate a dedicated telephone service for Law Debenture shareholders – 0370 707 1129. Shareholders can use this number to access holding balances, dividend payment details, share price data, or to request that a form be sent to their registered address.

Share dealing

Computershare Investor Services PLC offers shareholders a share dealing service via the internet or by post.

Internet dealing: The fee for this service will be 1.4% of the value of each transaction (subject to a minimum of £40).

Website address: www.computershare.com/dealing/uk

Registry Postal Share Dealing Service: The fee for this service will be 1.4% of the value of each transaction (subject to a minimum of £40). Forms can be found at: www.computershare.com/dealing/uk or requested by calling: 0370 703 0084.

The service is available only to those shareholders who hold their shares on the register (i.e. it is not available to those who hold their shares via a nominee).

Shareholders using the internet service will need their Shareholder Reference Number ('SRN') and post code to complete their trade. The SRN can be found printed on your proxy card.

Financial Calendar

Dividend and interest payments

Ordinary shares:	
Three interim dividends	Announced in May, September and December Paid July, October and January
Final dividend	Announced in March Paid April
6.125% guaranteed secured notes	Paid April and October
3.77% senior secured notes	Paid March and September
2.54% series A senior secured notes	Paid May and November
2.53% series B senior secured notes	Paid May and November
Group results:	
Half year results	Announced in July
Full year results	Announced in March
Report and accounts	Published in March
Annual General Meeting	Held each year in April
Factsheets	Published monthly on the Company's website

Payment methods for dividends

Dividends and interest can be paid to shareholders by means of BACS. Mandate forms for this purpose are available on request from the Company's registrars.

Subsidiary Company Details

Subsidiary companies not incorporated in the United Kingdom, as listed on pages 147 and 148, are registered at the following addresses:

Companies registered in Hong Kong	Suite 1301, 13/F Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong
Companies registered in the Republic of Ireland	38/39 Fitzwilliam Square West, Dublin 2, Ireland
Companies registered in USA *other than Delaware Corporate Services*	Room 901, 420 Lexington Avenue, New York, NY 10017, USA
Companies registered in USA - Delaware Corporate Services	919 N Market St, Suite 725, Wilmington, DE 19801, USA
Company registered in Jersey	3rd Floor, IFC 5, Castle Street, St. Helier, Jersey JE2 3BY
Company registered in Cayman Islands	Governors Square, Suite 5-204, 23 Lime Tree Bay Avenue, Grand Cayman, Cayman Islands, KY1-1108

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 136th Annual General Meeting of the Company will be held in-person at the offices of Peel Hunt, 7th Floor, 100 Liverpool Street, London EC2M 2AT on 24 April 2026 at 11.00am to transact the following business:

Ordinary resolutions

To consider and, if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

1. **To receive the Report of the Directors, the Strategic Report and the Audited Accounts and the Auditor's Report for the year ended 31 December 2025.**
2. **To approve the Directors' Remuneration Policy.**
3. **To approve the Directors' Remuneration Report for the year ended 31 December 2025.**
4. **To declare a final dividend of 10.375p per share in respect of the year ended 31 December 2025.**
5. **To re-elect Denis Jackson as a Director.**
6. **To re-elect Trish Houston as a Director.**
7. **To re-elect Robert Hingley as a Director.**
8. **To re-elect Pars Purewal as a Director.**
9. **To re-elect Claire Finn as a Director.**
10. **To re-elect Clare Askem as a Director.**
11. **To re-elect Maarten Slendebroek as a Director.**
12. **To re-appoint Deloitte LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which the accounts of the Company are laid.**
13. **To authorise the Audit and Risk Committee to determine the auditor's remuneration.**
14. **General authority to allot shares.**

    THAT:

    (a) in substitution for all existing authorities (but without prejudice to any allotments made pursuant to the terms of such authorities), the Directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the 'Act') to exercise for the period ending on the date of the Company's next Annual General Meeting ('AGM'), all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount (within the meaning of sections 551(3) and (6) of the Act) of £1,339,210 (representing 26,784,215 ordinary shares) (or, if less, the number representing 20% of the total ordinary shares in issue (excluding treasury shares) as at the date of passing of this resolution); and

    (b) the Company may during such period make offers or agreements which would or might require the making of allotments of equity securities or relevant securities as the case may be after the expiry of such period.

Special resolutions

To consider and, if thought fit, to pass the following resolutions which will be proposed as special resolutions:

15. **Disapplication of statutory pre-emption rights.**

    THAT if resolution 14 is passed, the Directors be authorised to allot equity securities (as defined in the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be limited to:

    (a) the allotment of equity securities or sale of treasury shares in connection with a rights issue, open offer or other issue or offer to ordinary shareholders in proportion (as nearly as possible) to their existing holding of shares (but subject to such exclusions as the Directors may deem necessary or appropriate to deal with fractional entitlements, record dates or legal, regulatory or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter); and

    (b) the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a)) above up to a nominal amount of £669,605.40 (representing 13,392,107 ordinary shares),

Notice of Annual General Meeting continued

such authority to expire at the next AGM of the Company (or, if earlier, at the close of business on 23 July 2027) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

16. Additional authority to disapply pre-emption rights for acquisitions or specified capital investment.

THAT, if resolution 14 is passed, the Directors be authorised in addition to any authority granted under resolution 15 to allot equity securities (as defined in the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be:

(a) limited to the allotment of equity securities or sale of treasury shares up to an aggregate nominal amount of £669,605.40 (representing 13,392,107 ordinary shares); and

(b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months of the original transaction) a transaction which the Directors of the Company determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

such authority to expire at the next AGM of the Company (or, if earlier, at the close of business on 23 July 2027) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

17. General authority to buy back shares.

THAT the Company be and is generally and unconditionally authorised in accordance with sections 693 and 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of any of its issued ordinary shares of 5p each in the capital of the Company, in such manner and upon such terms as the Directors of the Company may from time to time determine, provided always that:

(a) the maximum aggregate number of shares that may be purchased is 20,074,769;

(b) the minimum price which may be paid for a share shall be 5p;

(c) the maximum price which may be paid for a share shall be an amount equal to 105% of the average of the middle market quotations (as derived from the London Stock Exchange Daily Official List) for the shares for the five business days immediately preceding the day on which the share is purchased; and

(d) unless previously revoked, renewed or varied, the authority hereby conferred shall expire on the date of the Company's next AGM provided that a contract of purchase may be made before such expiry which will or may be executed wholly or partly thereafter, and a purchase of shares may be made in pursuance of any such contract.

18. Authority to convene a general meeting – notice.

THAT a general meeting of the Company, other than an AGM, may be called on not less than 14 clear days' notice.

This Notice was approved by the Board of Directors on 10 March 2026 and signed on its behalf by:

Law Debenture Corporate Services Limited
Company Secretary

Registered office:
8th Floor
100 Bishopsgate
London EC2N 4AG

Registered No. 00030397

Explanatory Notes to the Notice

Shareholders intending to attend the AGM are asked to register their intention as well as any accessibility needs or dietary requirements as soon as practicable by email to the following email address: tsu.cosec@lawdeb.com

Shareholders who are not able or do not wish to attend the meeting in person will be able to watch a recording of the meeting, which will be uploaded to the Company's website at https://www.lawdebenture.com as soon as possible after the meeting has ended.

Shareholders are invited to submit questions by email, by 11am on Wednesday 22 April 2026. Questions may be sent to the following email address tsu.cosec@lawdeb.com. Questions of a very similar nature may be grouped together to ensure the orderly running of the AGM.

The Notice of the Annual General Meeting (the 'Notice') to be held on 24 April 2026 (the 'Meeting') is set out on pages 174 and 175. The following notes provide an explanation as to why the resolutions set out in the Notice are being put to shareholders.

Resolution 1
Under the Companies Act 2006 (the 'Act'), the Directors are required to present the annual accounts and reports of the Company to shareholders at a general meeting. These are contained in the Company's Annual Report and financial statements for the year ended 31 December 2025 (the '2025 Annual Report'), which was sent to shareholders on 19 March 2026.

Resolution 2
The Act requires quoted companies to present to their shareholders a Directors' remuneration policy (the 'Policy') for approval at least every three years. The Policy was last approved by shareholders at the AGM held on 30 March 2023. Following a robust and objective review, and taking account of the views of shareholders, the proposed Policy is set out on pages 102 to 110 of the 2025 Annual Report for approval. This should be read in conjunction with the Remuneration Committee Chair's introductory statement to the Directors' remuneration report on pages 85 to 88 of the 2025 Annual Report.

Resolution 3
In accordance with the provisions of the Act, the Company's Report on Directors' remuneration is being put to an annual shareholder vote by ordinary resolution. This resolution is an advisory vote, as provided by law, meaning that the Directors' entitlements to remuneration are not conditional upon the resolution being passed. The report is set out in full on pages 93 to 101 of the 2025 Annual Report.

Resolution 4
The Board proposes a final dividend of 10.375 pence per share in respect of the year ended 31 December 2025. If approved, the recommended final dividend will be paid on 29 April 2026 to all ordinary shareholders who are on the register of members on 20 March 2026. The shares will be marked ex-dividend on 19 March 2026.

Resolutions 5 – 11
Under the Company's Articles of Association (the 'Articles'), one third of the Directors must retire from office by rotation at each AGM and may offer themselves for re-election (this does not include Directors appointed to the Board since the last AGM). The 2024 UK Corporate Governance Code recommends that all directors of premium listed companies should be subject to annual re-election so Denis Jackson, Trish Houston, Robert Hingley, Pars Purewal, Claire Finn, Clare Askem and Maarten Slendebroek will retire from office and offer themselves for re-election.

The biographical details for each Director including details of their independence are set out on pages 64 and 65 of the 2025 Annual Report.

In proposing the re-election of the Directors, the Chair confirms that, following the internal performance evaluation (described on page 77 of the 2025 Annual Report), each individual continues to make an effective and valuable contribution to the Board and demonstrates commitment to their role. Accordingly, the Board recommends their re-election.

Resolution 12
The Company's auditors must offer themselves for appointment at each AGM at which accounts are presented. Accordingly, the Board, on the recommendation of the Audit and Risk Committee, recommends the re-appointment of Deloitte LLP as the Company's auditors.

Resolution 13
This resolution, if passed, will authorise the Audit and Risk Committee to agree the remuneration of Deloitte LLP for their services as auditors.

Resolution 14
Under the Act, Directors may not allot shares in the Company (or grant certain rights over shares) without the authority of shareholders in a general meeting (other than pursuant to an employee share scheme). In certain circumstances this could be unduly restrictive. The Directors' existing authority to allot ordinary shares, which was granted at the AGM of the Company held on 11 April 2025, will expire at the end of this year's AGM.

Subject to the passing of this resolution, which will be proposed as an ordinary resolution, the Directors will be authorised, in place of all existing authorities, to allot shares (pursuant to section 551 of the Act) up to an aggregate nominal amount of £1,339,210.79 (representing 26,784,215 ordinary shares), representing approximately twenty per cent of the aggregate nominal value of the issued ordinary shares on 9 March 2026 (being the last practicable date prior to the publication of this document). As at 9 March 2026, the Company did not hold any shares in treasury.

The authority conferred will expire (unless previously revoked, varied or renewed) at the end of the next AGM. However, the Company may make an offer or agreement prior to the expiry of this authority which would or might require shares to be allotted after the expiry of this authority – in this case, the Directors will be permitted to allot securities pursuant to such offer or agreement as if this authority had not expired.

Between the 2025 AGM and 9 March 2026, the Company issued a total of 1,300,324 ordinary shares under its share issuance programme and its SAYE scheme and the Directors intend to continue to use this authority for the same two purposes.

Resolution 15
Unless they are given an appropriate authority by shareholders, if the Directors wish to allot any shares for cash or grant rights over shares (other than pursuant to an employee share scheme) they must first offer them to existing shareholders in proportion to their

Explanatory Notes to the Notice continued

existing holdings. These are known as pre-emption rights. The existing disapplication of these statutory pre-emption rights, which was granted at the AGM held on 11 April 2025, will expire at the end of this year's AGM.

Resolution 15 seeks approval to disapply the pre-emption rights, by allowing Directors to allot equity securities (including a sale of treasury shares) for cash: (i) in connection with rights issues and other pre-emptive issues in favour of existing shareholders in proportion to their existing holdings (subject to certain exclusions); (ii) by way of an open offer or other issue of securities in favour of existing shareholders in proportion to their existing holdings (subject to certain exclusions); and (iii) to persons other than existing shareholders otherwise than under (i) and (ii), up to an aggregate nominal amount of £669,605.40 (representing 13,392,107 ordinary shares), being no more than ten per cent of the issued ordinary share capital in issue on 9 March 2026, in each case without the equity securities first being offered to the existing shareholders in proportion to their existing holdings.

Resolution 16
Resolution 16 seeks an additional and separate approval to disapply pre-emption rights by allowing Directors to allot equity securities (or sell treasury shares) for cash, of up to a further ten per cent of the total ordinary share capital, representing up to an aggregate nominal amount of £669,605.40 (representing 13,392,107 ordinary shares), as at 9 March 2026, without such equity securities first being offered to the existing shareholders in proportion to their holdings, where the allotment is to finance an acquisition or capital investment, (or refinancing, if the authority is to be used within six months of the original transaction).

The Directors confirm that they will only allot securities (or sell treasury shares for cash) pursuant to this authority where that allotment is in connection with an acquisition or specified capital investment (as described in the Pre-Emption Group's Statement of Principles) which is announced at the same time as the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of that allotment.

Resolution 17
Resolution 17 is a special resolution that will grant the Company authority to make market purchases of up to 20,074,769 shares, representing 14.99% of the issued ordinary share capital as at the date of the Notice. Any shares bought back will either be cancelled or placed into treasury at the determination of the Directors.

The maximum price which may be paid for each share must not be more than 105% of the average of the mid-market values of the ordinary shares for the five business days before the purchase is made. The minimum price which may be paid for each ordinary share is 5p.

The Company has options outstanding over 120,004 ordinary shares, representing 0.09% of the Company's issued ordinary share capital as at 9 March 2026, the latest practicable date before the publication of this Notice.

If the existing authority given at the 2025 AGM and the authority now being sought by this resolution were to be fully used, these options would represent 0.08% of the Company's ordinary share capital in issue at that date.

The Directors are committed to managing the Company's capital effectively and do not intend to exercise such authority at present. Purchases would only be made after considering the effect on earnings per share and the benefits for shareholders generally.

This authority shall expire at the AGM to be held in 2027 when a resolution to renew the authority will be proposed.

Resolution 18
The Act requires that all general meetings must be held on at least 21 clear days' notice, save that a general meeting (other than an AGM) may be held on at least 14 clear days' notice where:

- the Company makes an electronic means of voting available to all shareholders for the meeting. This condition is met by the Company providing the facility for shareholders to appoint a proxy via an online shareholder portal operated by our Registrars; and
- the shareholders pass a special resolution reducing the period of notice to not less than 14 days either at the immediately preceding AGM or a general meeting held since that AGM.

It is not the Company's intention to use the shorter notice period as a matter of routine but only when the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole. If given, this approval will be effective until the end of the AGM to be held in 2027.

Recommendation
Full details of the above resolutions are contained in the Notice. The Directors consider that all the resolutions to be proposed at the Meeting are in the best interests of the Company and its members as a whole. The Directors unanimously recommend that shareholders vote in favour of all the resolutions, as they intend to do in respect of their own beneficial holdings.

If you are in any doubt about the contents of this document, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, or if outside the United Kingdom, another appropriately authorised financial adviser, without delay.

If you have sold or otherwise transferred all of your shares in the Company you should immediately send this document, together with the accompanying form of proxy, to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Shareholder Notes

The following notes explain your general rights as a shareholder and your right to attend and vote at the Meeting or to appoint someone else to vote on your behalf.

1. To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the register of members of the Company at close of business on Wednesday, 22 April 2026 (or, in the event of any adjournment, close of business on the date which is 48 hours before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority is determined by the order in which the names stand in the register of members in respect of the share.

2. Shareholders are entitled to appoint a proxy to exercise all or part of their rights to attend, and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that shareholder. A proxy need not be a shareholder of the Company. A form of proxy, which accompanies this Notice, may be used to make such appointment and give proxy instructions. If you do not have a form of proxy and believe that you should have one, or if you require additional forms, please contact the Company's registrar, whose contact details are provided above.

3. Dispatch instructions: To be valid, any form of proxy and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be returned by no later than 11:00 am on Wednesday, 22 April 2026 through any one of the following methods:

   (a) by post at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, United Kingdom (Tel: 0370 707 1129 if dialling from the UK and +44 370 707 1129 if dialling from abroad); or

   (b) by hand or courier (during normal business hours only) to the Company's UK registrar at: Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE, United Kingdom (Tel: 0370 707 1129 if dialling from the UK and +44 370 707 1129 if dialling from abroad); or

   (c) electronically through the website of the Company's registrar at www.investorcentre.co.uk/eproxy, where the following details, which can be found on your proxy card or in an email received from Computershare, will be required:

   - the meeting control number;
   - your shareholder reference number; and
   - your unique pin code; or

   (d) in the case of shares held through CREST, via the CREST system (see notes 8 to 11 below).

4. Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 (the 'Act') to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

5. The statement of the rights of shareholders in relation to the appointment of proxies in notes 2 and 8 do not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

6. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his/her discretion. Your proxy will vote (or abstain from voting) as he/she thinks fit in relation to any other matter which is put before the meeting.

7. If you return more than one proxy appointment (except where multiple proxies have been appointed), either by paper or electronic communication, that appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.

8. The return of a completed form of proxy, electronic filing or any CREST proxy instruction (as described in note 10 below) will not prevent a shareholder from attending the meeting and voting in person if he/she wishes to do so.

9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment of the meeting) by using the procedures described in the CREST Manual (available from https://www.euroclear.com/site/public/EUI). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

10. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent by 11:00 am on Wednesday, 22 April 2026. For this purpose, the time of receipt will be taken to mean the time(as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

Shareholder Notes continued

11. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent by 11:00 am on Wednesday, 9 April 2025. For this purpose, the time of receipt will be taken to mean the time(as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

12. Any corporation which is a member can appoint one or more corporate representative(s) who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers in relation to the same shares.

13. As at 9 March 2026 (being the latest practicable business day prior to the publication of this Notice), the Company had an issued share capital of 133,921,079 ordinary shares, carrying one vote each and no restrictions and no special rights with regard to the control of the Company. There are no other classes of share capital and none of the Company's issued shares are held in treasury. Therefore, the total voting rights in the Company is 133,921,079.

14. Under Section 527 of the Act, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish, on a website, a statement setting out any matter relating to:

    (i) the audit of the Company's financial statements (including the auditor's report and the conduct of the audit), which are to be laid before the meeting; or

    (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under Section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. Business which may be dealt with at the meeting for the relevant financial year includes any statement that the Company has been required to publish on a website under Section 527 of the Act.

15. Any shareholder attending the meeting has the right to ask questions. The Company must answer any such question relating to the business being dealt with at the meeting, but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

    Registered shareholders may submit their questions to the Directors in advance of the meeting by sending an email to the Company Secretary at TSU.cosec@lawdeb.com and the Company will answer these in due course.

16. Under Section 338 and Section 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company (a) to give to members of the Company entitled to receive notice of the Meeting, notice of any resolution which may properly be moved and is intended to be moved at the Meeting and/or (b) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may be properly included in the business.

    A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 13 March 2026, being the date six weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

17. The following documents will be available for inspection at the AGM venue from 10:30 am on the day of the AGM until its conclusion:

    (a) copies of the Directors' letters of appointment and service contracts; and

    (b) a copy of the Articles of Association of the Company.

    A copy of the 2025 Annual Report and financial statements (including the Notice of AGM) will be available for viewing at the Financial Conduct Authority's National Storage Mechanism, from the mailing date of this Notice.

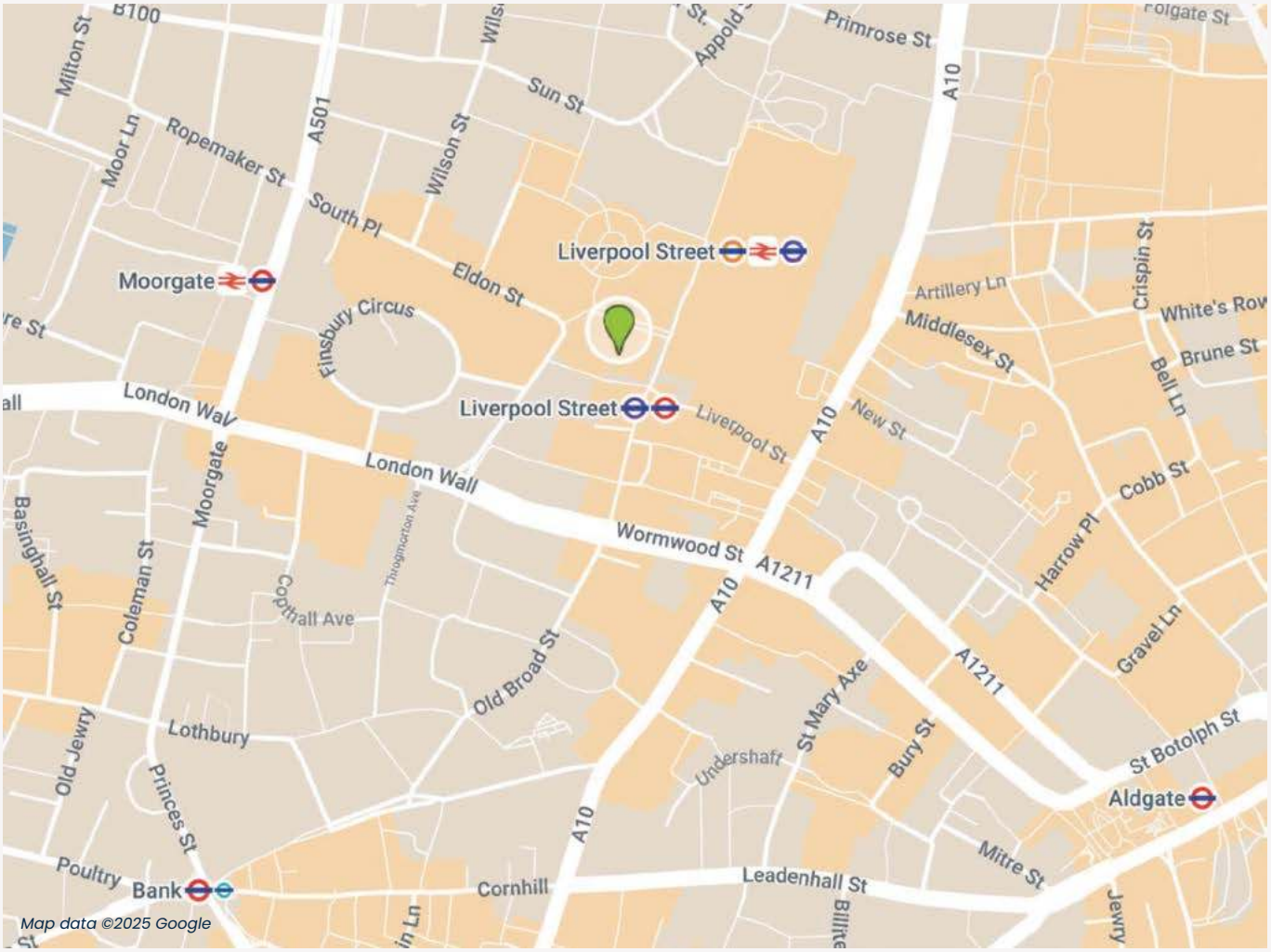
18. You may not use any electronic address provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

19. Personal data provided by shareholders at or in relation to the meeting will be processed in line with the Company's privacy policy. Detailed information on how the Company processes your personal data and what your rights are under applicable data privacy laws can be viewed in our policy: https://media.umbraco.io/lawdebenture/rwwkg0lj/privacy-notice-for-shareholders-november-2024.pdf

A copy of this Notice and other information required by section 311A of the Act, can be found on the Company's website at https://www.lawdebenture.com/investment-trust/shareholder-information.

Annual General Meeting Venue

The offices of Peel Hunt, 7th Floor, 100 Liverpool Street, London EC2M 2AT.



RAILWAY	UNDERGROUND	BUSES	PARKING
Main line stations within one mile include: • Liverpool Street • London Bridge • Farringdon • Fenchurch Street • Cannon Street • Blackfriars • Holborn Viaduct	**Liverpool Street** (Elizabeth, Central, Circle, Hammersmith & City and Metropolitan lines) **Monument** (Circle and District lines) **Bank** (Central, Northern, Waterloo & City lines and Docklands Light Railway) **London Bridge** (Northern and Jubilee lines)	You may select the 149, 35, 47 or 388 bus services from London Bridge or the 26 or 8 bus services from St. Paul's to Wormwood Street, which is close to the venue. You may also take the 205 from Old Street or the 43 or 133 bus services from Moorgate to Liverpool Street, which is a short walk from the venue.	There is limited meter parking in business hours near the venue. Parking is available at Broadgate or London Finsbury Square. There is also multi- storey parking at Aldersgate Car Park near London Wall.

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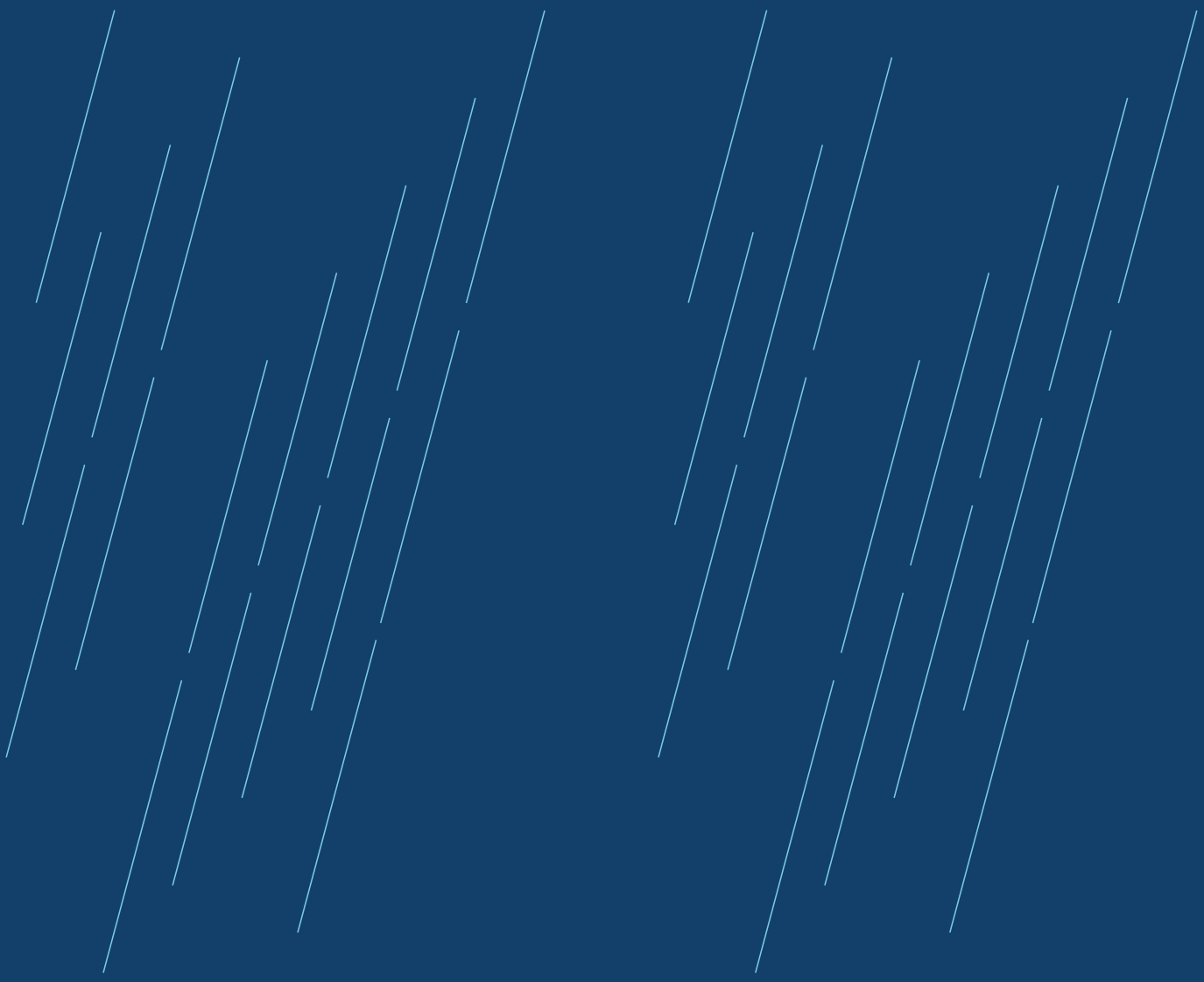

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