

The Burford logo consists of the word "Burford" in a white, sans-serif font. A red horizontal line is positioned below the text, starting from the left edge of the letter "B" and extending to the right edge of the letter "d".

Burford

BURFORD CAPITAL 2025

Shareholder Letter

Shareholder letter



John Sievwright
Chair



Christopher Halmy
Vice Chair



Christopher Bogart
Chief Executive Officer



Jonathan Molot
Chief Investment Officer

In the part of our business we can most influence - new business - we had a terrific 2025. New definitive commitments increased by 39% compared to 2024. Our base portfolio grew by 20%, well ahead of the pace needed to meet our goal of doubling it by 2030. Modeled realizations grew by \$700 million. We are very pleased with these results and pace of growth, which reflect our strong market position and the continuing demand for legal finance solutions around the world.

In the part of our business over which we have much less influence - case progress and realizations - we had a mediocre 2025, which reduced short-term earnings. The simple fact is that we saw fewer realization dollars from cases than we would have liked, even though we hit a new high in our rolling three-year average of realizations. This wasn't a portfolio quality issue; our loss rate barely budged and remains below its 2024 peak, and unlike 2024 we had no individual eight-figure realized losses in 2025. Instead, this was more about court timing and case progression. While the structural effects of the pandemic are now behind us, we still face the litigation equivalent of four lanes of traffic needing to merge into two lanes, and matters are simply taking longer. Nevertheless, even in a year of mediocre realizations, we still brought in \$530 million in cash, less than 2024's \$699 million but substantially above our operating needs.

As shareholders know, we believe in looking at the business on a cash basis. Our accounting and valuation processes incorporate several non-merits-driven variables - including interest rate movements and duration changes - that can obscure underlying performance in any given period. We report these figures transparently, but what ultimately matters is the cash realized from successful outcomes.

This year illustrates that dynamic. When including the accounting impact of unrealized gains and losses, we had higher gains than last year but we also had higher offsetting losses. However, the largest of those losses are unrealized, and more of them were driven by dynamics such as duration changes and other non-adjudicative events than from permanent setbacks in the underlying merits litigation. As some of those unrealized losses are in matters in which our role has been publicly disclosed, we're able to comment on them in some detail, which we do in our earnings presentation¹.

We don't mean to sugarcoat this year's performance. Unrealized losses occur when something has happened to make the underlying asset less valuable at the moment, and that is never a good thing. But it is important to distinguish between valuation changes driven by timing or interim developments versus a true merits setback. In 2025, we were afflicted by more of the former than the latter. Our portfolio-wide loss rate remains desirably low. And given the new business we are doing, our modeling suggests that the portfolio is considerably more valuable - to the tune of \$700 million in net additional value - than it was a year ago notwithstanding these developments.

We continue to manage the portfolio - and the business - with the objective of delivering a long-term return on shareholders' equity of around 20%.

¹ See our detailed earnings presentation furnished to the US Securities and Exchange Commission on a Current Report on Form 8-K on February 26, 2026.

Share price

The share price had a disappointing year, declining from around \$14 in August to around \$9 at the end of the year.

The principal catalyst for that decline appears to have been market uncertainty surrounding the YPF case; we noted in our last quarterly earnings call that we believed that the market reaction was overdone. This is a case with only upside for us from a cash perspective: we have already covered our costs a couple of times over and pocketed a desirable profit of more than \$100 million in cash. That is ours to keep; there is no claim on it ever being returned. The only remaining question is whether the case will produce yet more cash profits for us. But as the end of the case has drawn closer, the market has focused on it more than ever, often to the exclusion of the rest of the business. The market is also acting as though a loss on appeal would be the end of the case and would essentially take its asset value to zero, which is simply not the case as we discuss further below.

There is, we suggest, undue downside bias in the market's approach at present. To be sure, the ultimate outcome of the YPF case is uncertain. Litigation risk remains, and even if we surmount the litigation risk, the duration and ultimate settlement level of the case is unknown. But there is certainly substantial option value associated with YPF under whatever set of assumptions one uses, and the market does not appear to us to be even-handedly pricing that option value into our share price.

We have had a number of suggestions from shareholders reacting to the share price, which we appreciate, and along with the board and our advisors we have carefully and thoughtfully considered all of them. However, our considered view is that there is no easy panacea other than getting to a resolution of the YPF case. We explained in our last quarterly call why we are not comfortable using debt to fund share buybacks. We continue to hold that view - and we subsequently heard from many shareholders agreeing with our perspective.

We have also had other suggestions. Some shareholders have suggested that we spin YPF off to permit the market to focus on the value of the core business. However, there is no viable structure that would eliminate ongoing consolidation of YPF, and we would also face challenges bifurcating our debt appropriately along with other legal and structural issues. Others have suggested redirecting our dividend into a share buyback, but the dividend is not large enough to support a meaningful buyback, and eliminating it could force some number of current shareholders to sell given the income-focused mandate of their funds, which seems undesirable.

We are very grateful for the engagement of so many long-term and loyal shareholders, and we deeply regret the disappointment you and we have experienced recently. There are no guarantees in litigation, but we do think a decision in YPF from the appellate court is likely this year, which will bring meaningful clarity.

YPF

That takes us to the YPF case itself.

As we have explained in considerable detail, the appeal of the core judgment in the plaintiffs' favor has been fully briefed and argued and awaits decision. That decision could come at any time, and will come without notice; it will simply appear on the court's public docket when it is ready. Unlike the practice in some other jurisdictions, like the UK, the parties and their lawyers are not notified of the impending release in advance; everyone finds out at the same time. We will only be in a position to comment on the decision once we, our clients and their lawyers have had the opportunity to review the decision in detail.

Litigation risk is present in every case we do until the very final judicial outcome, and the YPF case is no exception. However, as we explained in our third quarter 2025 earnings call, statistically the odds are in our favor, and we did not take away the same level of concern from the oral argument as the media and some non-litigator observers did. The US courts have an enviable record of fair and thoughtful adjudication and we believe we are on the right side of the merits here.

Whichever side wins, there will surely be further proceedings as we detailed in our October 22, 2025 release.

Market expansions

Burford doesn't need to have physical presence in a city or country to do business there; we already do business with clients all over the world.

Still, we continue to expand our physical presence selectively where local engagement enhances origination and relationships. In the last six months, we have added Madrid and Seoul to the list. Spain presents a developing legal finance market with a favorable structural framework, including an expansive approach to contingent fees and non-

lawyer ownership of law firms. Korea is for us largely an outbound market, with a focus on intellectual property litigation for Korean clients in the US and Europe as well as international arbitration.

Law firm ownership

We made global headlines in August when the Financial Times carried a prominent piece on our aspirations to hold equity stakes in law firms. In all candor, the piece represented a slow summer news day more than immediately actionable deal flow, but as it was followed by many other pieces and this remains an important long-term growth area for Burford, let's step back and discuss what is going on in the market today.

To begin, we are - and have been on record for many years as being - big fans of law firms restructuring and taking on external equity holders, just as virtually every other kind of business can². Not only do we believe that is the right economic approach for law firms, but we see a role for Burford in that transformation, just as we are involved in other parts of the law firm capital structure.

We are also one of the few firms to have actually transacted in this space. We today own a minority interest in a high-end litigation boutique in London, an investment made several years ago that has been nicely financially successful. We also own a minority interest in Kindleshire, a firm that helps lawyers establish law firms, and we offer capital to those firms through their Kindleshire relationship.

However, the reality today is that most law firm equity deals are occurring in more volume-based, consumer-focused parts of legal practice, which are not our core markets. The UK is a good case study for what has occurred. The UK has permitted external, non-lawyer ownership of law firms since 2007³. Today, almost 20 years on, there are more than 1,000 law firms in the UK using a structure that has or permits such ownership. However, none of those are the larger, higher-end firms with which we regularly work. None of the Magic or Silver Circle law firms have taken on external investment. While we believe it is only a matter of time, that time may be a long time in coming.

The US situation is more complex. Lawyer regulation in the US is a state, not a federal, issue, with each of the 50 states having its own set of rules and its own regulator. Virtually all US states still forbid non-lawyer ownership of law firms⁴. In those states, for law firms to take on external equity capital, they need to separate their core legal functions (which cannot accept such capital) from other service and administrative functions (which can), and support the investment of external capital into the latter through a services contract between it and the law firm. This is complex and while there is lots of discussion about the structure and while smaller firms have again explored it, there has not yet been deal activity from the larger firms that operate in our core market.

We remain optimistic that there will be progress towards the normalization of law firm structures over time and that we will have a role to play. But we see this as a substantial capital deployment opportunity over time as opposed to one that will develop immediately.

AI, data science and technology

At Burford, we have long made substantial use of data science and technology, leaving us well-positioned to adopt and make firmwide use of burgeoning artificial intelligence tools and technology.

AI is doing a number of things for us as a firm, and is also having an impact in the broader legal environment that is positive for us. We will discuss each in turn.

At Burford, one of our competitive advantages is the sheer volume of proprietary data we have about complex litigation globally. We have long made use of that data in our investment process and we have a team of data scientists working alongside and integrated with our lawyers. AI permits more extensive use of our data in a myriad of ways, and each day brings new insights and new analyses. Part of this is possible because, with an eye to this coming technological revolution, we began some years ago an extensive undertaking to take a very substantial volume of our data and put it in structured form using a rigorous process, driving higher quality outputs than if we were reliant just on unstructured data. More recently, the quality of AI tools has increased to the point where we have also deployed new tools against the entire body of our unstructured data to generate yet more proprietary insights, along with simple increases in productivity and throughput.

² Indeed, Jon is the author of one of the seminal pieces of academic work leading to this discussion, "What's Wrong With Law Firms? A Corporate Finance Solution to Law Firm Short Termism", Southern California Law Review, November 2014, https://southerncalifornialawreview.com/wp-content/uploads/2018/01/88_1.pdf.

³ However, it took five more years for the bureaucratic law firm regulator in the UK to actually be ready to approve applications, and even today there remains a bureaucratic chokehold on innovation in the UK with respect to law firm ownership because of that regulator.

⁴ Arizona does permit non-lawyer ownership of law firms but the ability of such an Arizona law firm to offer legal services in other states is unclear and untested.

We have also harnessed our own proprietary AI tools and our internal development organization to invent new functionality. As one example, assessing newly filed litigation matters in the United States is challenging given the sheer volume of filings and the pleading standards in the US that generally do not require plaintiffs to articulate a specific damages claim. Simply put, there are too many new claims for humans to cost-effectively review them to try to determine the smaller universe that we might find attractive as financing opportunities. Today, we have built our own AI-powered screening tool that ingests those newly filed claims and analyzes them to reduce the pool of filed claims that might be interesting to us to a manageable level. As we continue to develop this tool, we believe that it will continue to add functionality and assessment capability. Because we encourage the proliferation of AI use internally and provide a number of tools throughout Burford, we have numerous other innovative projects underway, many initiated and developed at a grassroots level in the business instead of through a central technology organization.

Outside of Burford, AI is disrupting the legal industry in several ways that offer opportunities for Burford.

We have obviously seen over the past several decades a migration from paper-based to electronic communication in business. With that migration has come an enormous rise in the retention of every communication - indeed, every keystroke - by businesses, sometimes to comply with regulation and now as a best practice even in unregulated businesses. That retention has produced vast quantities of unstructured data that are simply too large for human review and analysis, and thus many instances of misconduct have gone undetected. The availability of AI tools is beginning to change that, and we are seeing a greater ability to sift through data to find actionable misconduct, which we believe will lead to increased volumes of litigation for us to finance.

Technology is also making it possible for smaller law firms to compete on an even playing field with larger ones, which has spawned an exodus of lawyers from the large firms to boutiques. That presents an incremental financing opportunity for us as those new firms often have an even greater need for capital than the large global firms and are often more receptive to new and alternative economic structures that better align them with our capital.

Finally, while this is mere wishful thinking today, the increasing ubiquity and quality of AI tools should improve throughput in our crowded and slow-moving courts, and that might in time shorten the speed of resolution of litigation matters.

As in almost every industry, it is too soon to predict reliably what the legal industry will look like in a decade as it continues to be disrupted and transformed by technology. However, we are optimistic that we are well-positioned to take advantage of innovations internally and to benefit from those disruptions and transformations externally.

Secondary market

We are avid proponents of a secondary market for litigation risk and have done a number of secondary transactions - more than \$350 million to date - and we continue to look for opportunities to do so.

However, the secondary market is slow to develop for two reasons.

First, information asymmetry. The very features that make our asset class distinctive - case privilege, confidentiality and private settlement dynamics - also constrain the flow of information to prospective buyers in many cases. And complex litigation is sufficiently idiosyncratic that buyers are not prepared to buy simply based on historical performance, as in securitizations of more homogeneous assets.

Second, pricing. Buyers look at litigation assets as carrying binary risk of loss, and the fear of loss causes them to price irrationally for the actual statistical risk. Of course, it is true that such risk exists, but especially in cases that have surpassed positive legal milestones and developed satisfactorily, the risk is no greater than in many other asset classes and oftentimes less. Nevertheless, the suddenness of loss (with the stroke of a judge's pen) seems to generate more anxiety than other assets where loss happens more slowly but just as surely. This translates into an often unsupportable level of price demand, much more so than for other secondary transactions where risk levels are comparable. For a secondary market to flourish, buyers' price expectations need to normalize in the zone of private equity secondaries.

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This past year will go into the books as not one of our favorites, with slower portfolio turnover than we would have wished and excessive share price volatility given the YPF case. But it is also a year to celebrate, with the exceptional levels of growth we saw in new business and portfolio value. We set for ourselves the goal of doubling the size of our base portfolio by 2030, and we are well on our way to achieving that goal. And to continue the analogy from before, once the traffic has merged into its lanes, we are optimistic about our ability to deliver strong returns that will generate long-term ROEs in the 20% range. We lead this growing industry, which is being further transformed by technology and new opportunities to deploy capital. Burford's future is bright and we are excited for what lies ahead.

We want to close by sharing with you an excerpt of an interview between two titans of the litigation world, David Boies and John Quinn⁵. David has spent decades as one of the world's go-to lawyers for the most difficult and complex cases, and John, also a notable trial lawyer, is the founder of Quinn Emanuel, now one of the largest litigation law firms in the world. Their acute observations about the justice system highlight the critical role Burford plays and the clear opportunity for injustice when there is not equality of financial arms:

The justice system is intended to be adversarial. It's intended to have people like you and me who are going to be advocates for our clients, who are going to go in and within the bounds of the canons and the rules of court, we're going to present the best case we can for our clients.

And the idea is out of that, truth will arise. Not because either of us is always going to be speaking the truth or even advocating for the truth, because we'll be advocating in different ways, in different positions. But out of that advocacy, out of that conflict, out of that adversarial system, justice or at least the closest thing that you can come in this world to justice will arise.

And I think that that works in a couple of ways, and fails in at least one way.

It works great when your firm and my firm are against each other. It works, I think, great when your firm or my firm is confronting another large law firm, another large party with a lot of resources, or confronting the government.

It also works okay when you have two relatively low-resourced parties with relatively average lawyers.

The time it really breaks down is when you have a real disparity between the quality of the lawyers and the amount of resources that you have. Because it is an adversarial system, the better the lawyer and the more resources you have, the more effective you're going to be.

When you have the government confronting almost any individual or small and medium-sized company, or when you have your firm or my firm against a party that doesn't have adequate resources, doesn't have adequate counsel, that's when the system breaks down and that's when the system stops being an engine for truth.

This excerpt describes perfectly the dynamic that Burford was founded to address. Our capital regularly restores the necessary balance in litigation and stops the system from breaking down, and we're proud to play that role while also generating shareholder returns.

⁵ The complete interview can be heard on John Quinn's *Law, Disrupted* podcast available on most streaming services and at <https://law-disrupted.fm/>. Reproduced here with permission.

Non-GAAP financial measures

This shareholder letter contains non-GAAP financial measures. These non-GAAP financial measures should not be considered in isolation from, as substitutes for, or superior to, financial measures calculated in accordance with the generally accepted accounting principles in the United States (“**US GAAP**”). The table below sets forth the non-GAAP financial measures contained in this shareholder letter, the most comparable measures calculated in accordance with US GAAP and related reconciliations.

Description	Non-GAAP financial measure	GAAP financial measure	Reconciliations
Cash receipts for the year ended December 31, 2025	\$530 million	\$770 million	See schedule 1

Reconciliation of consolidated cash receipts to Burford-only cash receipts, for the period indicated

(\$ in thousands)	For the year ended December 31, 2025
Consolidated proceeds from capital provision assets	\$ 740,376
Less: Third-party interests	(266,849)
Total segments (Burford-only) proceeds from capital provision assets	473,527
Plus: Loss on financial liabilities at fair value through profit or loss	—
Burford-only proceeds from capital provision assets	473,527
Consolidated asset management income	6,312
Plus: Eliminated income from funds	29,712
Total segments (Burford-only) asset management income	36,024
Less: Non-cash adjustments ⁽¹⁾	(3,557)
Burford-only proceeds from asset management income	32,467
Burford-only proceeds from marketable securities interest and dividends	20,868
Burford-only proceeds from other income	3,264
Burford-only proceeds from other items	24,132
Cash receipts	530,126

1. Adjustments for the change in asset management receivables accrued during the applicable period but not yet received as of the end of such period.