

Appendix 4D

For the half-year ended 31 December 2025

Australian Ethical Investment Limited and Controlled Entities
ABN 47 003 188 930

Results for Announcement to the Market

(All comparisons to half-year ended 31 December 2024)

	\$'000	Up/Down	% Movement
Revenues from ordinary activities	65,824	up	12%
Net profit after tax	13,445	up	40%
Less: Net profit after tax attributable to The Foundation	(176)		
Net profit after tax attributable to shareholders	13,269	up	42%
Integration & transformation costs	1,479		
Due diligence & transaction costs	-		
Amortisation of Altius intangibles	72		
Tax on adjustments	(465)		
Underlying profit after tax	14,355	up	25%
Performance fee (net of bonus, tax and Foundation grant)	-		
Underlying profit after tax (excluding performance fee)	14,355	up	25%

Dividend information	Cents per share	Franked cents per share	Franking level
Final 2025 dividend per share (paid 19 September 2025)	9	9	100%
Interim 2026 dividend per share (to be paid 23 March 2026)	8	8	100%

Interim dividend dates

Ex-dividend date	5 March 2026
Record date	6 March 2026
Payment date	23 March 2026

	31 December 2025	30 June 2025	31 December 2024
Net tangible assets per security	\$0.30	\$0.24	\$0.21
Net asset value per security	\$0.41	\$0.36	\$0.31

This information should be read in conjunction with the 2025 Annual Financial report of Australian Ethical Investment Limited and any public announcements made in the period by Australian Ethical Investment Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Listing Rules.

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the Interim Financial Report for the half-year ended 31 December 2025.

This report is based on the Consolidated Interim Financial Report of Australian Ethical Investment Limited for the period ended 31 December 2025 which have been reviewed by KPMG. The Independent Auditor's Review Report by KPMG is included in the Interim Financial Report.

Australian Ethical Investment Limited and its Controlled Entities

Interim Financial Report
31 December 2025

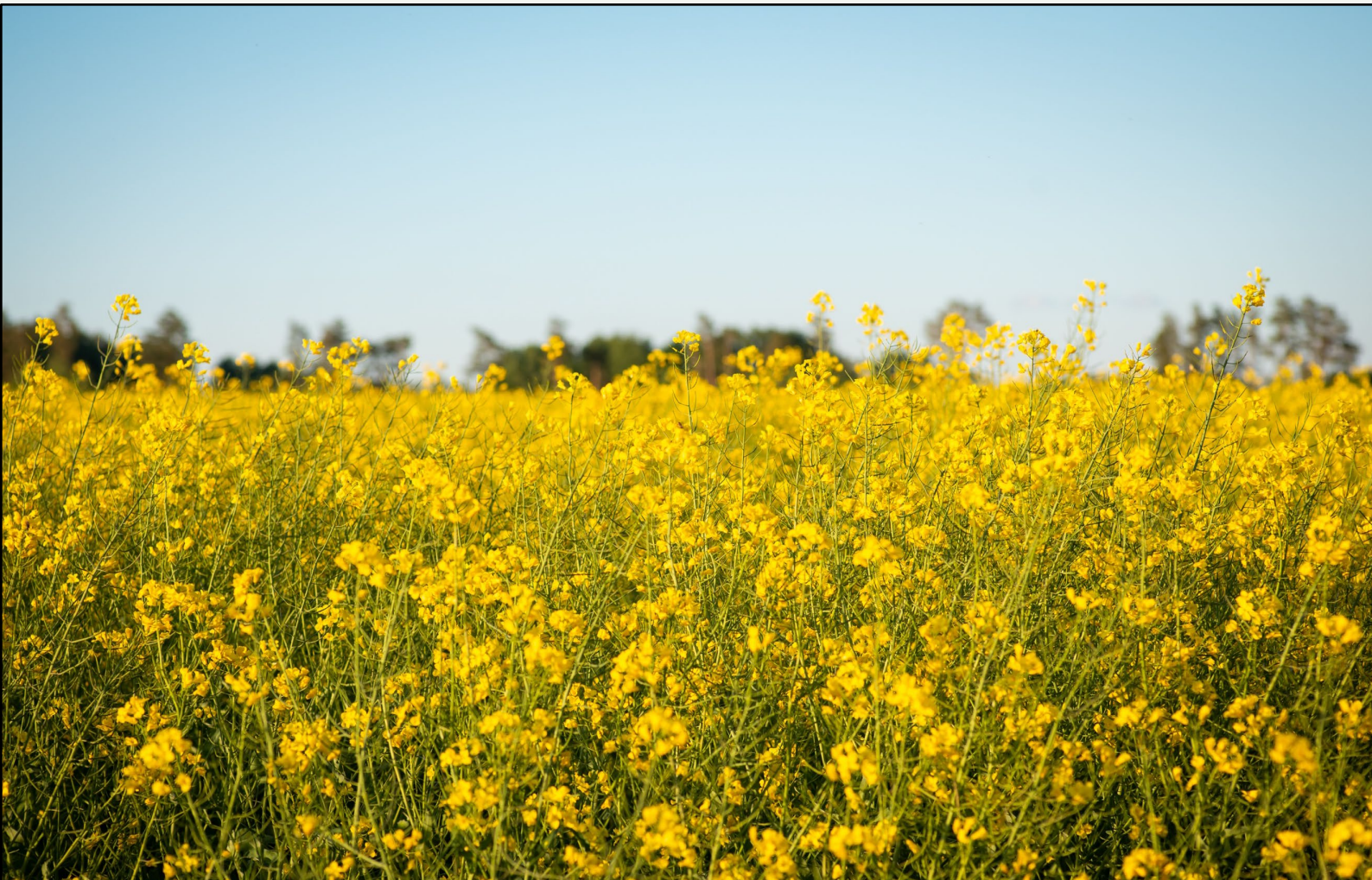


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Directors' Report

Directors' Report

For the half-year ended 31 December 2025

The directors present their report, together with the consolidated interim financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Australian Ethical Investment Limited (referred to hereafter as 'Australian Ethical', the 'Company' or 'Parent Entity'), Australian Ethical Superannuation Pty Limited ('AES'), Australian Ethical Foundation Limited (the 'Foundation') and the other entities the Company controlled at the end of, or during, the half-year ended 31 December 2025 (the interim period).

Directors

The following persons were directors of Australian Ethical Investment Limited during or since the end of the interim period unless otherwise indicated:

Steve Gibbs	Non-Executive Chair
John McMurdo	Managing Director and Chief Executive Officer (CEO)
Julie Orr	Non-Executive Director
Sandra McCullagh	Non-Executive Director
Richard Brandweiner	Non-Executive Director
Brian Bissaker	Non-Executive Director
Katherine Greenhill	Non-Executive Director (resigned 31 October 2025)

Principal activities

The Group's principal activities during the interim period were Australian Ethical acting as the responsible entity for a range of ethically managed investment schemes and investment manager for institutional mandates. In addition, AES acted as the Registrable Superannuation Entity Licensee (Trustee) of the Australian Ethical Retail Superannuation Fund ('Super Fund'). Other than what is described in this report, there were no significant changes in the nature of the Group's activities during the interim period.

Six months in review

December 2025 marked 10 years since the Paris Agreement was adopted at COP 21. Since this time, scientists have continually reported evidence of the warming of our planet and the strain experienced by the planet's natural systems. A recent report warns that seven of the nine planetary boundaries – including those relating to climate, biodiversity loss, changes to land systems, overuse of fresh water and the release of synthetic chemicals, plastics and other pollutants – are already at risk.¹

Despite this, 2025 did deliver some good news. Even as the world's energy needs increased during the year, substantial growth in solar power and increased wind generation met and exceeded all new demand. Indeed, 2025 will be remembered as the year renewables overtook coal's share in the global power mix and helped prevent further increases in CO₂ emissions from the power sector.²

¹ Planetary Boundaries Science (PBSscience). 2025. Planetary Health Check 2025. Potsdam Institute for Climate Impact Research (PIK), Potsdam, Germany.

² <https://ember-energy.org/latest-insights/global-electricity-mid-year-insights-2025/>

We see this as a welcome consequence of the global investment in clean energy, now nearly doubling investment into fossil fuels.³

We're proud to have long invested in and advocated for this outcome – but it represents just one part of our broader mission. For 40 years we have been entirely committed to allocating capital, advocating for systemic change and growing our influence in line with the 23 principles of our Ethical Charter to do good for the planet, people and animals.

We remain committed to building lasting value through a disciplined, ethical approach to investing. Our focus is on the long term – aligning with our principles to guide sustainable growth and resilience. Looking ahead, we continue to position ourselves for opportunities that matter most for the future, ensuring our strategy reflects both performance and purpose.

Our growing size and reputation enable us to be more impactful, underpinning our ability to realise our Theory of Change. In August 2025, Australian Ethical Investment announced a record \$2.8 million annual donation to the Australian Ethical Foundation for grants to support organisations and initiatives advancing climate justice and resilience, unlocking capital for the protection and restoration of nature, and place-based nature solutions. This record-breaking year brings our total donations to over \$13 million since 2010.

In November 2025, APRA imposed additional licence conditions on our subsidiary Australian Ethical Superannuation Pty Ltd (AES). AES, as required by the licence conditions, has now appointed an independent party (EY) to review arrangements between AES and AEI concerning related party investment management services. The recommendations from the review will be implemented as part of our continued focus on strengthening governance processes.

We continue to be recognised as an organisation at the forefront of sustainable investing. In the period, we were winners of Money Magazine's 2026 Best of the Best Awards for Best ESG Super Product and Best ESG Pension Product, and were also KangaNews' Australian Sustainability Fund Manager of the Year 2025. We also won the People's Choice Award in Finder's Green Innovation Category for our sustainably focused out of home advertising campaign.⁴

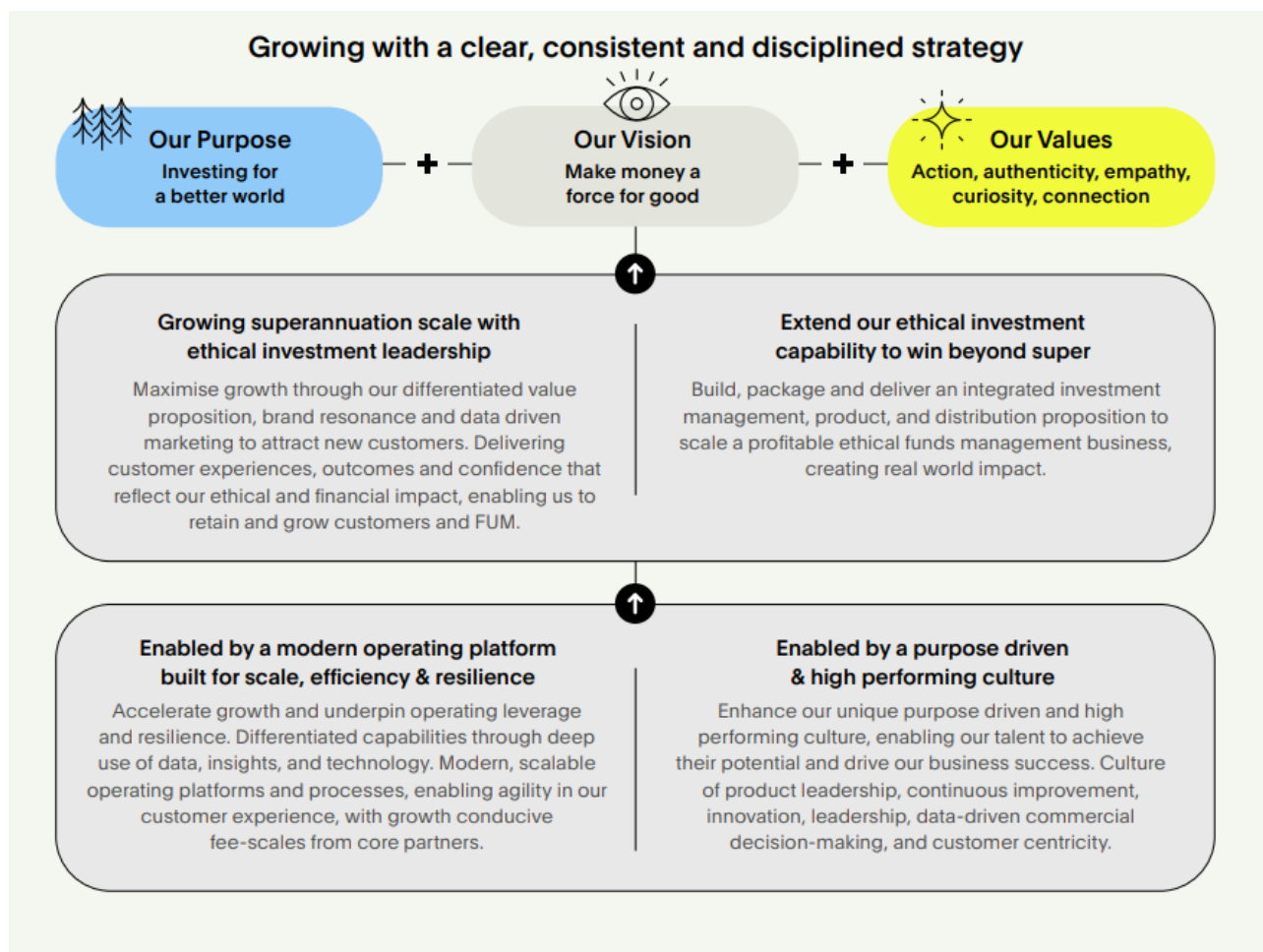
Bringing our strategy to life

Over the past five years, our growth strategy has been focused on several core areas to enhance our business platform and deliver long-term value. Our efforts have centred on expanding the capability of our investment team, diversifying asset classes and distribution channels, upgrading our technology and business infrastructure, and improving customer experience. We have strengthened our distribution and direct marketing functions and invested in our brand to ensure our unique value proposition is clearly understood by investors.

In FY25 we aligned our strategy and operating structure to better support growth across both our superannuation and investment management revenue streams. In this half-year, we delivered key initiatives to scale our impact, deepen customer value, and unlock operating leverage across both business lines.

³ World Energy investment 2025 highlights electricity demand and energy security as new drivers' IGCC, 10 June 2025
<https://www.iigcc.org/insights/world-energy-investment-2025-highlights-electricity-demand-and-energy-security-new-drivers>

⁴ <https://www.finder.com.au/finder-awards/innovation-awards>



Growing superannuation scale with ethical investment leadership

In the reporting period, we completed the implementation of our insurance harmonisation project, a key initiative aimed at reducing cost and complexity in the delivery of insurance cover for our super members. Through the Super Fund's insurer MetLife, we now offer the same insurance cover across both the former Christian Super⁵ and Australian Ethical member bases.

In parallel, the Trustee reduced the super administration fees from 1 August 2025 and introduced an insurance administration fee to ensure the costs of insurance administration are better aligned with the member services provided to insured members.

By December we had completed the transition of the final tranche of members from our previous administrator to the GROW platform. The overall administration transition was a substantial, resource-intensive exercise over a 3-year period and with this now behind us, our focus is firmly on uplifting our member experience to support continued growth. Upcoming activities include designing and planning for our new mobile app.

In terms of member acquisition, changes to our digital marketing capability has delivered an increase in new member joins during the most recent quarter. Given the lead time for members to fund their accounts, we expect that this uplift will support our flows' targets going forward.

⁵ The Christian Super SFT to Australian Ethical Super completed in November 2022.

Extend our ethical investment capability to win beyond super

We see opportunity in offering an even broader selection of ethically evaluated asset classes to our customers. Our substantial investment capability, expanding product offering, systems and process buildout – combined with our existing reach into the adviser market and engagement with the values aligned (middle market) sector offers strong potential for further growth.

During the period we continued to develop a pipeline of institutional and middle market, values-aligned customers.

We also finalised our integration of the Altius Fixed Income business, bringing all fixed income products under the Australian Ethical brand. We have also made substantial strides in our private markets offering – with more to come.

Another key area under development is international equities. Nathan Parkin who joined as Head of Equities in June 2025 has been working on equities strategies and product offerings for Australian Ethical. He has also been defining roles and building capability within the equities team.

Enabled by a modern operating platform built for scale, efficiency & resilience

With the superannuation transition to a single administration platform and the delivery of a single insurance product now complete, Australian Ethical's superannuation members will benefit from ongoing improvements to member experience and potential cost savings as the fund is able to increase its efficiency and scalability.

Australian Ethical remains on track with the implementation of the Charles River platform across its investment portfolio. We have now completed the implementation for Fixed Income and Equities (Domestic and International), with the last remaining asset class (Multi Asset) due for completion prior to 30 June 2026.

This initiative is a significant step forward in improving our investment platform, enhancing our investment processes and operational capabilities. This initiative supports the ongoing development of a robust framework aimed at delivering greater efficiency, improved risk management, and scalability across our investment operations. It aligns with our broader strategic priorities by helping to ensure that our investment platform is well positioned to service middle market values-aligned and institutional clients.

In line with our business platform uplift, we have been making enhancements to our governance capabilities, frameworks and processes.

Enabled by a purpose driven & high performing culture

Retaining and attracting key talent is critical to our growth and we are pleased that our strong differentiated employer brand continues to enable us to secure top talent in our industry.

In the first half we announced two executive replacement hires, Anthony Lane and Natalie Kooyman. Anthony joined in November 2025 as Chief Operating Officer (COO) reporting to CEO John McMurdo. Anthony brings over 25 years of experience across legal, investment, transformation and operational efficiency within superannuation, investment management, financial advice and banking services organisations. Most recently he was consulting to the \$300 billion super fund Australian Retirement Trust. In his new role Anthony is responsible for managing Australian Ethical's daily operations and leading strategic initiatives to enhance growth, resilience, and efficiency.

In December 2025 we announced that Natalie Kooyman would join us as Chief Risk Officer (CRO) commencing in February 2026. Natalie brings more than 20 years' experience within financial services, most recently serving as Head of Operational Risk and Controls at Australian Super. In her role Natalie will also report directly to CEO John McMurdo and act as a key member of the executive leadership team responsible for the company's enterprise-wide risk management framework. Our current CRO Karen Hughes will transition to a new position as Head of the Superannuation Trustee's Office and will bring her considerable experience as a risk, compliance and governance executive to this role.

Our people are our most valuable asset and over the period we continued to invest in them. Pleasingly 89% of respondents to our December 2025 employee engagement pulse survey said they are proud to work for Australian Ethical and our engagement score remains high at 72%. We recently introduced a new Employee Assistance Program (EAP) partner to strengthen our approach to employee wellbeing by ensuring our EAP provides not only reactive support, but also more robust preventative and early intervention capabilities, as well as greater strategic partnership and relationship management. To upskill our individual and collective understanding of our Workplace Health and Safety obligations we also rolled out training for all employees, leaders, and the Board. Our People Leaders and Senior Leaders completed leadership workshops gaining knowledge and tools to foster our purpose driven and high performing culture.

Board renewal

In August 2025 Steve Gibbs stepped down as Chair of AES, while continuing in his roles as Chair of Australian Ethical, Chair of the Australian Ethical Foundation and Non-Executive Director of AES.

Fiona Reynolds was appointed Chair of AES effective 25 August 2025. Fiona brings extensive experience in superannuation and responsible investing, having previously served as CEO of the UN Principles for Responsible Investment and the Australian Institute of Superannuation Trustees. She also serves on the Board of the Australian Sustainable Finance Institute and chairs the United Nations' Global Compact Network Australia.

In October 2025 Australian Ethical announced the retirement of Non-Executive Director Kate Greenhill after more than a decade of distinguished service across the boards of Australian Ethical, AES and the Foundation. Kate's substantial expertise in governance and financial oversight has been integral to the successful scaling of the business over the last 12 years. A search is being conducted for a suitable replacement.

As previously announced, Richard Brandweiner and Brian Bissaker joined the board of Australian Ethical as Non-Executive Directors during FY25, strengthening the board's strategic and operational capabilities as the Group continues to scale its impact-led investment approach. These changes form part of a long-term, structured board renewal program.

We have been conducting a search for two additional independent Non-Executive Directors for the AES board. The first, Mark Puli, joined the AES board as a Non-Executive Director on 11 February 2026. Mark was CEO of ESSSuper from 2011 to 2022, having joined the fund as CFO in 2009. Following ESSSuper, he joined MLC Life Insurance (now Acenda) as Chief Group Life Insurance Officer, leaving MLC in December 2025.

Stewardship

We believe good businesses deliver better long-term returns. That's why we use our influence as investors to push for improvements in how companies operate across ethics and sustainability. When businesses lift their standards, they reduce risk, build trust, and create long-term value for all stakeholders. From our perspective, better business means better returns and improved outcomes for the world if done through an ethical and sustainable lens.

We've continued to advocate for higher standards across corporate Australia. From engagements with Woolworths, QBE and NAB, to calling out Westpac's lack of climate ambition at its AGM on 11 December, we've used our collective voice to encourage companies to do better.

As Australia's largest supermarket by market value, Woolworths' sourcing practices directly impact forests, animals and our oceans. Despite previous commitments, the company continues to support unsustainable supply chains such as cage-laid eggs, deforestation-linked beef, and salmon sourced from fragile ecosystems like Macquarie Harbour in Tasmania.

We have raised concerns with Woolworths on these three key issues and recently we supported a resolution at Woolworths' October 2025 AGM. This called on the company to explicitly include beef in its 'no deforestation' commitment, recognising it as a high-risk commodity linked to deforestation. The sustainability resolutions we highlighted – through our questions at the Woolworths AGM and in media coverage in the lead up – gained pleasing support, with 12.9% of votes cast for the beef classification resolution and 34.3% for improved farmed seafood reporting.

For nearly a decade, Australian Ethical has been engaging with the banks to understand how they are aligning their lending with the goals of the Paris Agreement. Major banks' climate policies are critical leverage points because they help to dictate the cost of capital for fossil fuel producers.

We exclude ANZ from investment as its approach does not meet our minimum expectations. Of the remaining three major Australian banks, pleasingly, CBA and NAB are making progress. We were able to withdraw our recent shareholder resolution with NAB after they provided stronger climate commitments.

In 2025, Westpac weakened its assessment of the transition plans of oil and gas clients, allowing continued financing of companies involved in unsustainable fossil fuel expansion. We believe these changes represent a clear step backwards from the bank's previous commitments and send the wrong signal at a time when accelerated climate action is essential. We will continue to engage for a better outcome.

The Foundation

This year, the Foundation reset its strategy in light of the nature crisis.⁶ It is specifically targeting systemic interventions that drive change and is seeking opportunities to provide catalytic and strategic funding to initiatives and organisations working on nature-based solutions, with a particular focus on nature protection and restoration, climate resilience and justice, and a commitment to supporting First Nations-led organisations and projects wherever possible.

The new Foundation strategy aligns with many of Australian Ethical's stewardship, corporate engagement, regulatory advocacy and policy activities. The new approach was reflected in the \$1.5 million in grants awarded by the Foundation to organisations focused on nature and climate justice during the half-year ended 31 December 2025.

Grant recipients included: Australian Democracy Network, Environmental Justice Australia, Accounting for Nature, Indigigrow, ACOSS, Environs Kimberley, Original Power, Environment Centre NT, Groundswell Major Giving Circle, WWF Australia, Martuwarra Fitzroy River Council and Places You Love Alliance.

⁶ UN Environment Programme: Facts about the nature crisis, <https://www.unep.org/facts-about-nature-crisis>

The remaining \$1 million of grants funded by Australian Ethical in FY25 will be paid to external beneficiaries by the end of FY26, giving the Foundation an opportunity to establish additional strategic partnerships and provide responsive funding to organisations and initiatives throughout the year.

The Australian Ethical Foundation was also proud to participate in COP30 by supporting the involvement of Professor Anne Poelina at the conference. Professor Poelina, Chair of the Martuwarra Fitzroy River Council and Adjunct Professor at Notre Dame and Charles Darwin Universities, is internationally recognised for her leadership in Indigenous governance, water justice and sustainable development. Professor Poelina was involved in panel sessions at the conference helping to elevate nature protection and First Nations' leadership in climate policy discussions alongside civil society, government, and investor voices.

Financial performance

There is clear evidence that our strategy is delivering. Building on the strong performance from FY25, we are pleased to report another solid set of results for the first half of FY26. During this period, underlying revenue increased by 13% and underlying profit rose by 25%, both compared to the first half of FY25. Our operating leverage has continued to improve, with the underlying cost to income ratio improving to 68.8%, compared to 71.4% in FY25.

Profit

Underlying profit after tax was \$14.4 million, up 25% compared to the prior corresponding period. This was after excluding costs relating to integration and transformation (focused on consolidating administration platforms), and the amortisation of intangible assets.

The net profit after tax attributable to shareholders was \$13.3 million, up 42% versus the prior corresponding period. The net profit after tax for the Group amounted to \$13.4 million.

Revenue

Revenue of \$65.8 million was up 13% on the underlying revenue of the prior comparative period, driven by average FUM growth of 18%, partially offset by a reduction in average revenue margin resulting from product mix changes following the acquisition of Altius. Average FUM growth was underpinned by positive net flows and investment performance, with the full period recognition of the Altius business also contributing to the FUM increase.

Our overall average fee margin for the first half was 0.91% down from 0.96% in the prior comparative period, reflecting the full period change in asset mix following the Altius acquisition. Average fee margin as at 31 December 2025 was 0.91%.

Expenses

Following the completion of key transformational programs including the transition of superannuation administration services to GROW Inc and the transition of master custody services to State Street – and the commercial benefits associated with these programs – we have seen a favourable impact on our first half expenses.

Operating expenses, excluding \$1.6 million in underlying adjustments relating primarily to integration and transformation costs, increased by 9% compared to the first half of FY25. As the business grows, operating leverage is improving. Underlying cost to income ratio for the period was 68.8%, an improvement from the prior comparative period of 71.8%, and full year FY25 of 71.4%. This improvement reflects ongoing efficiency initiatives and the realisation of expense savings during the first half. It is important to note, however, that these metrics are influenced by the timing of expenses, as expenditure in FY26 is more heavily weighted towards the second half of the financial year.

Key drivers of the first half expense increase:

Employee expenses

- Employee expenses increased by 8% compared with the prior corresponding period. This was primarily driven by the run rate of new hires from the prior period – most notably the Altius team – which commenced in September 2024. This increase was also driven by inflation-linked salary adjustments and a higher SG rate.
- FTE at 31 December 2025 were 139 which excludes fixed term contractors working on strategic projects.
- Australian Ethical's FTE includes some teams whose functions may typically be outsourced by others in the financial services sector. For instance, a dedicated internal contact centre of 16 team members who ensure high quality customer service interactions for our members and investors.

Fund-related expenses

- The transition of our superannuation administration and master custody services to new providers has resulted in the crystallisation of significant expense savings during the period. Administration and custody fees decreased by 15%, compared to an average FUM increase of 18%, highlighting the scalability of this cost.
- Expenses relating to investment systems and related project costs increased following the implementation and enhancement of the investment platform and the acquisition of Altius.
- Overall fund-related expenses increased 0.7%.

Marketing expenses

- Marketing activities for the Group returned to normal levels compared to the prior corresponding period during which activities were scaled back due to the limited-services period associated with the superannuation administration services transition. As such, marketing expenses saw an increase during the first half.
- Full year FY26 marketing expenses are expected to remain broadly in line with FY25 given the seasonality of expenditure.

IT expenses

- IT expenses rose by 8% compared to the prior corresponding period. This increase reflects the continued strengthening and expansion of our operating platform and technology infrastructure to support business growth. In particular, there has been a rise in technology security costs as we effectively manage this important risk.

External services

- Legal costs relating to governance enhancement initiatives and new product development drove an increase in external services expenses of \$0.5m.

Australian Ethical Foundation

- During the first half of FY26, we have provisioned \$1.5 million for the Australian Ethical Foundation which will allow the Foundation to continue its philanthropic work delivering positive impact.

Funds under management (FUM)

During the period we surpassed a new FUM milestone of \$14 billion with FUM ending the period at \$14.08 billion. FUM was up 6% compared to 31 December 2024 and up 1% up on 30 June 2025.

Positive superannuation net flows of \$0.23 billion were up 19% on the same period last year as marketing campaigns resumed following the completion of the superannuation administration transition. Rollovers-in were up

24% and it was pleasing to see an increase in SG contributions, with these inflows up 8% compared to the same period last year.

Following the completion of the administration transition to GROW and the strengthening of our digital media capability, we have seen an uplift in new superannuation member joins during the second quarter of FY26. This is expected to support our flows targets going forward.

Our institutional channel saw net inflows for the period of \$37 million which relate to new flows into our fixed income funds. We have built a solid pipeline for our newer middle market values-aligned and institutional channels.

Following the sale of Australian Unity's banking business to Bank Australia, Australian Unity Bank redeemed its \$0.25 billion mandate with Australian Ethical, transferring it to Bank Australia. This was a low-margin institutional mandate acquired as part of the acquisition of Altius Asset Management. The loss of this mandate will result in a small annual revenue reduction of approximately \$0.3 million, which will be offset by a planned simplification of the investment business platform and cost savings as a result of this improvement. Australian Unity remains a valued client through their investments in other Australian Ethical fixed income funds.

Our short-term fixed income funds are utilised by an institutional client for capital management activities. As such, these funds experience seasonal fluctuations as capital requirements change. During the period, capital management movements of negative \$41 million was recorded. These fixed income funds are lower-margin funds, and the volatility of FUM has only a small impact on revenue.

Despite challenging market conditions, we reported positive investment performance during the period, increasing FUM by \$165 million.

Funds under management (\$ billion)	1H2026	1H2025	% Change (YoY)^
Opening FUM	13.94	10.44	34%
Superannuation net flows	0.23	0.19	
Investments net flows*	-	0.08	
Retail & Wholesale net flows	0.23	0.27	
Institutional net flows	0.04	-	
Total organic net flows	0.26	0.27	
Inorganic net flows	(0.25)	-	
Total net flows	0.02	0.27	
Movements relating to client capital management	(0.04)	(0.06)	
Altius Asset Management acquisition	-	1.93	
Investment performance (net of fees & distributions)	0.16	0.68	
Closing FUM	14.08	13.26	6%
Average 1H FUM	14.15	12.00	18%

* Including Managed Funds, SMA, ETF

^ Percentage changes reflect movement in non-rounded, precise figures
Variances in totals may occur due to rounding.

Material business risks

Australian Ethical's approach to risk management is based on the Risk Appetite Statement set by the Board, which sets out the overall appetite and tolerance levels and defines limits for each material risk category.

The Board holds the ultimate responsibility for setting strategic direction, the Risk Management Framework (RMF) and determining the risk appetite/tolerance for the activities of the business. The Board forms a view of the risk culture of the Group and any desirable changes required and monitors implementation of these changes.

The Board recognises that risk management is an integral part of good management practice and is integrated into the Australian Ethical philosophy, practices and business planning processes. A risk-aware culture and operation within the Board's risk appetite and tolerances is promoted throughout the organisation through regular communications from management and within the provision of training and ongoing support from the Risk team.

The Audit, Risk and Compliance Committee (ARCC) oversees and reviews the RMF, and reviews internal and external audit results. This oversight includes the identification, treatment and monitoring of:

- The use of risk appetite
- Current and emerging material risks, including (but not limited to) investment, data, technology and cyber risks
- Exceptions, incidents and breaches
- Complaints
- The results of control testing

The full ARCC Charter (and other Board Charters) can be found on the Australian Ethical website at: australianethical.com.au/shareholder/corporate-governance/

The RMF is supported by the Three Lines of Defence model with the first line being the Executive Leadership Team (ELT) who foster and enhance development of risk culture within the Group, monitor risks, report breaches and review the risk register. The ELT have day-to-day responsibility and accountability for risk management in their area and ensure an appropriate risk culture.

Australian Ethical's second line, the Risk team, facilitate the RMF, review and update the risk register and RMF and report on exceptions and control effectiveness.

The third line of defence is Internal Audit, (which is outsourced to PricewaterhouseCoopers in accordance with the ARCC approved annual internal audit program). Internal Audit provide assurance over the RMF and independent review of the design and operation of the control environment, while External Audit (KPMG) provide assurance, through annual audits and reviews as required by APRA prudential standard SPS 310 Audit and Related Matters and the Corporations Act, that internal controls are designed appropriately and operating effectively.

The full detail of Australian Ethical's risks and mitigants appear in the FY25 Annual Report.

Outlook

Over the past five years, our organisation has achieved significant business growth. As we look to the future, we are committed to executing a well-defined strategy to drive further expansion. We expect the underlying business momentum to continue as we further invest in our business platform to capture the next stage of growth.

Our investment in the business platform will encompass several areas, including ongoing enhancements to member experience through the launch of a superannuation app and the completion of improvements to our investment management platform.

In addition, we will continue the work to strengthen our governance frameworks, including implementing any recommendations that emerge from the independent review that is required by APRA as part of their licencing conditions on our subsidiary AES. These costs are not expected to be material and will be absorbed within our expected annual expenditure range, or adjusted for in our underlying profit where we choose to make one-off changes that set us up for future growth or improvement. Furthermore, we plan to expand our product offering and invest in further improving our brand awareness.

With the scale we have now achieved we are well positioned to make these investments while simultaneously driving sustained growth in profitability and other key financial metrics, whilst also being mindful of short-term investment market challenges.

Looking ahead to the second half of the financial year, we expect to see continued positive net flows, supported by ongoing SG contributions, the addition of new members, and positive inflows from our middle market, values-aligned distribution channels. Revenue margin for the second half is expected to remain in line with the first half.

Employment expenses are expected to increase moderately during the second half of the year, whilst marketing expenses are projected to increase compared to the first half, primarily due to the scheduled timing of key marketing campaigns. Despite this second half increase, total marketing expenses for the full year FY26 are expected to be aligned with the FY25 expense levels.

While overall expenses are anticipated to be higher in the second half compared to the first, we are focused on delivering an overall improvement in FY26 cost to income ratio compared to FY25.

Recent equity market conditions have favoured materials and resources stocks whilst technology stocks have been out of favour, impacting our relative short-term performance. Nevertheless, we remain confident as we have a long track record of investment outperformance through various market, economic and political cycles⁷.

We believe we are well positioned with our high-quality capability, strong balance sheet, enhanced business platform, unique brand and diversified business model.

⁷ The Australian Share Fund (ASF) has outperformed its benchmark in 14 of the last 20 years – 2005-2025 and the Emerging Companies Fund (ECF) has consistently outperformed its benchmark over its 10 years history – 2015 -2025. The ASF has delivered a 9.5% pa return since inception in 1994, exceeding its benchmark by 1.8% pa. ECF has delivered 11.6% pa return since inception in 2015, exceeding its benchmark by 4.5% pa. All returns to 31 December 2025.

ASF Retail fund performance is net of fees. Benchmark over 30 years: Since 30 September 2023 - 65% of the S&P/ASX100 Accumulation Index & 35% S&P/ASX Small Ordinaries Accumulation Index; 13 August 2019 to 30 September 2023 - S&P/ASX 300 Accum Index; prior to 13 Aug 2019 - S&P/ASX Small Industrials Index. The historical Benchmark returns are calculated by linking these indices. ECF Retail fund. Performance is net of fees Benchmark over 10 years: S&P/ASX Small Industrials. Past performance is not a reliable indicator of future performance

Financial performance – management analysis

	31 December 2025 \$'000	31 December 2024 \$'000	% Change
Net profit after tax (NPAT)	13,445	9,606	
Less: Net profit after tax attributable to The Foundation	(176)	(271)	
Net profit after tax attributable to shareholders	13,269	9,335	42%
Adjustments:			
Integration & transformation costs	1,479	2,785	
Other income (cost recovery linked to insurance harmonisation)	-	(629)	
Due diligence & transaction costs	-	855	
Amortisation of Altius intangibles	72	36	
Tax on adjustments	(465)	(903)	
Underlying profit after tax (UPAT)	14,355	11,479	25%
Diluted EPS on NPAT attributable to shareholders (cents per share)	11.60	8.22	
Diluted EPS on UPAT attributable to shareholders (cents per share)	12.54	10.11	

	31 December 2025 \$'000	31 December 2024 \$'000
Operating leverage (cost to income)	\$'000	\$'000
Total expenses per statement of comprehensive income	46,690	45,180
Less:		
Integration & transformation costs	(1,479)	(2,785)
Due diligence & transaction costs	-	(855)
Amortisation of Altius intangibles	(72)	(36)
Net profit/(loss) after tax attributable to The Foundation	176	271
Total underlying operating expenses	45,315	41,775
Divided by:		
Total revenue per statement of comprehensive income	65,824	58,803
Less:		
Other income (cost recovery linked to insurance harmonisation)	-	(629)
Total underlying revenue	65,824	58,174
Underlying cost to income ratio	68.8%	71.8%

Dividends

Dividends paid during the interim period were as follows:

	31 December 2025 \$'000	31 December 2024 \$'000
Final dividend for year ended 30 June 2025 of 9 cents (2024: 6 cents) per ordinary share (paid 19 September 2025)	10,208	6,767
	<u>10,208</u>	<u>6,767</u>

In addition to the above dividends, since period end the Directors have declared the payment of an interim dividend of 8 cents per fully paid ordinary share (2024: 5 cents), fully franked. This interim dividend, \$9,106,000 (2024: \$5,671,000), is expected to be paid on 23 March 2026. It is not recognised as a liability because it was approved by the Directors subsequent to period end on 25 February 2026.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the interim period.

Matters subsequent to the end of the half-year

No other matter or circumstance has arisen since 31 December 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars unless otherwise stated.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report and forms part of the Director's Report for the half-year ended 31 December 2025.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



John McMurdo
Managing Director and Chief Executive Officer

25 February 2026
Sydney

Lead Auditor's Independence Declaration



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Australian Ethical Investment Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Australian Ethical Investment Limited for the half-year ended 31 December 2025 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Jessica Davis

Partner

Sydney

25 February 2026

Financial Statements

Financial Statements

Condensed Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2025

	Note	Half-year ended 31 Dec 2025 \$'000	Half-year ended 31 Dec 2024 \$'000
Revenue			
Revenue	5	65,824	58,803
Total revenue		65,824	58,803
Expenses			
Employee benefits	6	(21,352)	(19,837)
Fund related	7	(11,596)	(11,512)
Marketing	8	(4,435)	(3,511)
IT	9	(1,892)	(1,756)
External services	10	(1,979)	(1,522)
Foundation expenses		(1,676)	(1,107)
Other operating expenses		(1,105)	(1,164)
Depreciation		(558)	(531)
Amortisation		(179)	(155)
Occupancy		(377)	(370)
Finance charges		(62)	(75)
Integration & transformation costs	11	(1,479)	(2,785)
Due diligence & transaction costs	12	-	(855)
Total expenses		(46,690)	(45,180)
Profit before income tax expenses		19,134	13,623
Income tax expense	13	(5,689)	(4,017)
Net profit for the half-year		13,445	9,606
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain/(loss) on revaluation or investments		(7)	7
Other comprehensive income, net of tax		(7)	7
Total comprehensive income for the half-year		13,438	9,613
		Cents	Cents
Basic earnings per share	17	11.99	8.60
Diluted earnings per share	17	11.74	8.46

The above condensed statement of comprehensive income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position

As at 31 December 2025

	Note	31 Dec 2025 \$'000	30 June 2025 \$'000
Assets			
Current assets			
Cash and cash equivalents		14,925	18,842
Term deposit		25,000	20,000
Trade and other receivables		13,676	12,413
Prepayments		1,607	1,834
Total current assets		55,208	53,089
Non-current assets			
Deferred tax		4,918	6,346
Right-of-use assets		1,781	2,152
Property, plant and equipment		752	822
Term deposit		749	749
Financial assets through other comprehensive income	18	71	77
Intangibles and goodwill		6,425	6,497
Total non-current assets		14,696	16,643
Total assets		69,904	69,732
Liabilities			
Current liabilities			
Trade and other payables		12,448	11,335
Employee benefits		7,761	10,480
Deferred consideration		-	1,000
Tax payable		326	3,066
Lease liabilities		682	654
Total current liabilities		21,217	26,535
Non-current liabilities			
Lease liabilities		1,160	1,526
Employee benefits		597	523
Provisions		515	508
Deferred tax		166	189
Total non-current liabilities		2,438	2,746
Total liabilities		23,655	29,281
Net assets		46,249	40,451
Equity			
Issued capital	14	12,577	12,166
Reserves		6,228	4,078
Retained profits		27,444	24,207
Total equity		46,249	40,451

The above condensed statement of financial position should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2025

	Issued capital \$'000	Employee Share Plan reserve \$'000	FVOCI ¹ reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2024	10,236	3,457	2	16,449	30,144
Profits after income tax expense for the half-year	-	-	-	9,606	9,606
Other comprehensive income for the half-year, net of tax	-	-	-	7	7
Total comprehensive income for the half-year	-	-	-	9,613	9,613
<i>Transactions with owners in their capacity as owners:</i>					
Shares vested under employee share plans during the period	1,911	(1,911)	-	-	-
Dividends provided or paid	-	-	-	(6,767)	(6,767)
Employee deferred shares and rights	-	2,102	-	-	2,102
Revaluation of investments	-	-	7	(7)	-
Balance at 31 December 2024	12,147	3,648	9	19,288	35,092
	Issued capital \$'000	Employee Share Plan reserve \$'000	FVOCI ¹ reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2025	12,166	4,061	17	24,207	40,451
Profits after income tax expense for the half-year	-	-	-	13,445	13,445
Other comprehensive income for the half-year, net of tax	-	-	-	(7)	(7)
Total comprehensive income for the half-year	-	-	-	13,438	13,438
<i>Transactions with owners in their capacity as owners:</i>					
Shares vested under deferred shares plan during the period	411	(411)	-	-	-
Dividends provided or paid	-	-	-	(10,208)	(10,208)
Employee deferred shares and rights	-	2,568	-	-	2,568
Revaluation of investments	-	-	(7)	7	-
Balance at 31 December 2025	12,577	6,218	10	27,444	46,249

¹ Fair value through other comprehensive income (FVOCI)

The above condensed statement of equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows

For the half-year ended 31 December 2025

	Note	2025 \$'000	2024 \$'000
Cash flows from operating activities			
Receipts from customers		63,599	55,577
Payments to suppliers and employees		(42,344)	(39,275)
		21,255	16,302
Interest received		962	928
Grants to not-for-profit organisations & other Foundation expenses		(1,686)	(1,595)
Income tax paid		(6,780)	(3,817)
Net cash from operating activities		13,751	11,818
Cash flows from investing activities			
Payments relating to integration & transformation costs		(1,174)	(3,563)
Payments relating to due diligence & transaction costs		-	(713)
Acquisition of Altius		(1,000)	(4,278)
Investment in term deposit		(25,000)	(10,000)
Funds returned from term deposit		20,000	10,000
Purchase of investment		(1)	-
Payments for property, plant, and equipment		(116)	(239)
Payments for other intangible assets		(107)	-
Net cash used in investing activities		(7,398)	(8,793)
Cash flows from financing activities			
Interest on lease liabilities		(62)	(75)
Dividend paid	16	(10,208)	(6,767)
Net cash used in financing activities		(10,270)	(6,842)
Net increase/(decrease) in cash and cash equivalents		(3,917)	(3,817)
Cash and cash equivalents at the beginning of the half-year		18,842	26,391
Cash and cash equivalents at the end of half-year		14,925	22,574

The above condensed statement of cash flows should be read in conjunction with the accompanying notes

Notes to the Financial Statements

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2025

Note 1 – General information

The consolidated interim financial statements are comprised of Australian Ethical Investment Limited (referred to as 'Australian Ethical', the 'Company' or 'Parent Entity'), and its wholly owned subsidiaries (together referred to as the 'Group'). Australian Ethical Investment Limited is a listed company (ASX: AEF) that is both incorporated and domiciled in Australia.

The Group is a for-profit entity for the purposes of preparing financial statements.

The consolidated interim financial statements were authorised for issue, in accordance with a resolution of directors, on 25 February 2026.

The directors have the power to amend and reissue the interim financial statements.

Note 2 – Basis of preparation

Statement of Compliance

The consolidated interim financial statements are general purpose condensed which have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes normally required in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2025 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted in the preparation of the interim financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Measurement

The consolidated interim financial statements have been prepared on an accrual basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Rounding of Amounts

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with the legislative instrument, amounts in the consolidated interim financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

Note 3. Material accounting policies information

New Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Management reviewed the accounting policies, and no updates were required to the accounting policies disclosed at 30 June 2025.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the interim financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements. Our valuation and estimate methodologies have not changed since 30 June 2025.

Note 5. Revenue

	31 December 2025 \$'000	31 December 2024 \$'000
Management fees	49,220	44,082
Administration fees*	12,072	10,632
Member fees (net of rebates)	2,964	2,671
Insurance administration fees	661	-
Interest income	907	789
Other income (cost recovery linked to insurance harmonisation)	-	629
	<u>65,824</u>	<u>58,803</u>

* Net of Operational Risk Financial Reserve contributions.

An insurance administration fee was introduced from 1 August 2025.

Recognition and measurement

The administration fee entitlement in accordance with the Product Disclosure Statement ('PDS') is net of nil (2024: \$436k) paid directly to the Operational Risk Financial Reserve ('ORFR') of the superannuation fund. No administrative fee has been paid to the ORFR since 1 March 2025 as it is currently overfunded.

Note 6. Employee benefits

	31 December 2025 \$'000	31 December 2024 \$'000
Employee remuneration	19,300	18,002
Directors' fees	566	483
Other committee member fees	57	55
Other employment related costs	1,429	1,297
	<u>21,352</u>	<u>19,837</u>

Employee expenses increased due to new hires (primarily during the previous financial year, including Altius in September 2024) and inflationary salary increases and super guarantee increase. Directors' fees increased primarily due to fee increases in the current and corresponding periods. Other employment related costs include payroll tax, employee training and development, workers compensation insurance and other benefits of employment with Australian Ethical.

Note 7. Fund related

	31 December 2025 \$'000	31 December 2024 \$'000
Administration and custody fees	6,578	7,744
Asset managers, ratings and platform fees	982	606
Regulatory and industry body fees	840	862
Investment systems	1,480	885
Ethical research	185	144
Strategic projects - Regulatory related	22	276
Strategic projects – Fund related	1,509	995
	<u>11,596</u>	<u>11,512</u>

Administration and custody fees decreased due to improved commercial rate cards following transitions to GROW Inc for Super Fund administration and State Street for custody & investment administration. Investment systems costs increased due to the acquisition of Altius and the cost of new front office system and data licences. Strategic projects – Fund related costs primarily relates to implementing new institutional-grade front office systems.

During the previous reporting period, the Group modified the classification of 'Investment systems' costs so that it is classified together with other fund investments related costs within 'Fund related' costs (previously included in 'IT' costs). Comparative amounts in the condensed consolidated statement of comprehensive income were reclassified for consistency. As a result, \$885,000 has been reclassified in the 31 December 2024 comparative.

Note 8. Marketing

	31 December 2025 \$'000	31 December 2024 \$'000
Distribution costs	2,279	1,681
Brand awareness	1,707	1,204
Other	449	626
	<u>4,435</u>	<u>3,511</u>

Marketing costs increased as brand and distribution activities returned to a more normal level compared to the previous corresponding period where activities were scaled back due to the Super Fund's limited-services period during the administration services transition.

Note 9. IT

	31 December 2025 \$'000	31 December 2024 \$'000
Client-facing systems	677	715
Support systems, infrastructure, and security	1,172	959
Strategic projects	43	82
	<u>1,892</u>	<u>1,756</u>

Investing in technology, systems and security continues to be a strategic focus.

Note 10. External services

	31 December 2025 \$'000	31 December 2024 \$'000
Internal and external audit and tax services	793	771
Consultants	431	462
Legal services	579	58
Other	176	231
	<u>1,979</u>	<u>1,522</u>

Legal cost increased primarily due to higher governance and product development related legal costs.

Note 11. Integration & transformation costs

	31 December 2025 \$'000	31 December 2024 \$'000
Project management and Project Team employment costs	925	1,455
Fund related transition costs	419	1,234
Legal and consulting	106	81
Marketing and member communications	-	13
Other	29	2
	<u>1,479</u>	<u>2,785</u>

Australian Ethical has been transitioning its superannuation administration services to a single service provider. The second phase, which included the remaining 20 per cent of superannuation members, was completed during the half-year ended 31 December 2025. This transformational project delivers a modern technology stack, improving growth flexibility with a more compelling commercial rate-card. The integration and transformation costs include external administrator costs to facilitate the configuration and transfer of member data alongside project management and team costs.

Note 12. Due Diligence & Transaction Costs

	31 December 2025 \$'000	31 December 2024 \$'000
Due diligence team employment costs	-	516
Consulting	-	339
	<u>-</u>	<u>855</u>

Due diligence and transaction costs includes costs for due diligence on pipeline of other inorganic opportunities.

Note 13. Income tax

The Group's consolidated effective tax rate for the six months ended 31 December 2025 was 29.7% (for the six months ended 31 December 2024: 29.5%). The effective tax rate with respect to profit attributable to shareholders is 30.0% (2024: 30.1%). The difference between the effective tax rate for the Group and profit attributable to shareholders is due to the tax-exempt status of the Foundation. The current and deferred components of income tax expense vary between the current and the corresponding period primarily due to costs deductible over 5 years that were incurred in the corresponding period.

	31 December 2025 \$'000	31 December 2024 \$'000
Current tax	4,284	3,988
Deferred tax – origination and reversal of temporary differences	1,405	29
Aggregate income tax expense	<u>5,689</u>	<u>4,017</u>

Note 14. Equity - issued capital

Movements in share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2025	113,419,775		12,166
Vesting of deferred shares in the Employee Share Plan (204,446 shares)	1 September 2025	-	\$4.75	972
Vesting of deferred STI shares (172,913 shares)	1 September 2025	-	\$4.95	856
Issue of deferred shares to the Employee Share Plan (treasury shares)	14 November 2025	410,304	\$7.27	-
Transfer to Employee Share Plan reserve		-	-	(1,488)
Vesting of deferred shares in Employee Share Plan (16,140 shares)	20 November 2025	-	\$4.43	71
		<u>113,830,079</u>		<u>12,577</u>

Note 15. Share-based payments

During the interim period, 410,304 new shares were issued to the employee share plan (2024: 637,723), to be granted to employees under both the Deferred Shares – ESP and Deferred Shares – STI share grants (certain employees only). The Board has discretion to decide whether to issue new shares or purchase shares.

The following share-based payment arrangements existed at 31 December 2025.

Deferred shares – ESP

Included under employee benefits expense in the Condensed Consolidated Statement of Comprehensive Income is \$892,000 (2024: \$710,000) relating to all outstanding ESP deferred shares granted under the long-term employee share plan.

Deferred Shares – STI

Included under employee benefits expense in the Condensed Consolidated Statement of Comprehensive Income is \$600,000 (2024: \$588,000) relating to all outstanding STI deferred shares granted under the short-term incentive plans.

Executive long-term incentives (ELTI)

The purpose of the ELTI is to retain key senior executives, drive growth, business objectives and provide for future outstanding performance.

The FY29 tranche comprises 312,615 hurdle performance share rights issued on 12 November 2025 for the CEO or 2 December 2025 for all other participants. Each component of the share right in the table below was fair valued within the range of \$2.63 to \$6.02, which is derived from the share price at grant date with adjustments including the forecast dividend yield forgone and the likelihood that the total shareholder return target is met. These share rights will be equity settled at the end of the vesting period.

The FY29 performance hurdles require the following performance conditions to be achieved:

	Objective	Target	Achievement scale
1/3 of share rights	Net-flows	\$4.2bn over the 4-year period	Rights that vest: - Less than \$3.4bn of target = 0% - \$3.4bn to \$4.2bn of target = Straight-line vesting from 50% to 100% - \$4.2bn or above = 100% Noting that should the Group complete inorganic growth, the Board will assess expectations of flows from any target, and factor any agreed alteration to the achievement scale for rights to vest.
1/3 of share rights	Diluted Earnings Per Share (EPS) growth (adjusted NPAT pre-performance fees)	15% p.a. Compound Annual Growth Rate (CAGR) of diluted EPS	Rights that vest: - Less than 10% CAGR = 0% - 10% to 15% CAGR = Straight-line vesting from 50% to 100% - 15% or above CAGR = 100%
1/3 of share rights	TSR (absolute)	10% p.a. CAGR	Rights that vest: - Less than 7% CAGR = 0% - 7% to 10% CAGR = Straight-line vesting from 50% to 100% - 10% or above CAGR = 100%
Moderator	Non-financial measures. i.e. - Median NPS (net promoter score) for Financial Services companies in Australia - Median employee engagement score for Financial Services companies in Australia - Continued compliance with the aims of our Ethical Charter.		Used as a downward moderator (only), applied by Board for non-compliance with any of the non-financial measures. The Board cannot use non-financial measures to increase ELTI where some or all financial measures are not met.

During the vesting period, employees are not entitled to receive dividends nor hold voting rights. Vesting is subject to meeting specified performance criteria over the performance period, service hurdles and Board approval. Included under employee benefits expense in the Condensed Consolidated Statement of Comprehensive Income is \$511,000 (2024: \$460,000) relating to all outstanding executive long-term incentives plan rights.

Employee unvested shares

As at 31 December 2025, the Employee Share Trust holds 1,673,628 treasury shares (30 June 2025: 1,659,899 shares) on behalf of employees until vesting conditions are met in respect to the relevant employee share plans. The participants receive dividends on these shares.

Note 16. Equity - dividends

Dividends paid during the half-year were as follows:

	31 December 2025 \$'000	31 December 2024 \$'000
Final dividend for the year ended 30 June 2025 of 9 cents (2024: 6 cents) per ordinary share (paid 19 September 2025)	10,208	6,767
	<u>10,208</u>	<u>6,767</u>

In addition to the above dividends, since period end the Directors have declared the payment of an interim dividend of 8 cents per fully paid ordinary share (2024: 5 cents), fully franked. This interim dividend, \$9,106,000 (2024: \$5,671,000), is expected to be paid on the 23 March 2026. It is not recognised as a liability because it was approved by the Directors subsequent to period end on the 25 February 2026.

Note 17. Earnings per share

	31 December 2025 \$'000	31 December 2024 \$'000
Net Profit after income tax for the half-year	13,445	9,606
	Cents	Cents
Basic earnings per share	11.99	8.60
Diluted earnings per share	11.74	8.46
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	112,105,467	111,678,940
<i>Adjustments for calculation of diluted earnings per share:</i>		
Deferred shares and rights	2,330,014	1,873,752
Weighted average number of ordinary shares used in calculating diluted earnings per share	114,435,481	113,552,692

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Australian Ethical Investment Limited and its Controlled Entities, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of shares assumed to have been issued for no consideration, which relate to deferred shares and rights issued as part of the Company's long term employee incentive schemes.

Note 18. Fair value measurement

Fair value hierarchy

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

The following table provides an analysis of financial instruments that are measured after initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1: Using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Derived from valuation techniques that include inputs for the asset or liability that is not based on observable market data (unobservable inputs). This category includes instruments valued using quoted prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Consolidated – 31 December 2025				
<i>Financial assets and liabilities measured at fair value</i>				
Investments	4	67	-	71
Total assets	4	67	-	71
Deferred consideration	-	-	-	-
Total liabilities	-	-	-	-
Consolidated – 30 June 2025				
<i>Financial assets and liabilities measured at fair value</i>				
Investments	3	74	-	77
Total assets	3	74	-	77
Deferred consideration	-	-	1,000	1,000
Total liabilities	-	-	1,000	1,000

Note 18. Fair value measurement (continued)

Reconciliation	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Reconciliation of the financial asset fair values at the beginning and end of the interim period:</i>				
Opening fair value at 30 June 2025	3	74	-	77
Purchase of investment	1	-	-	1
Revaluation movements	-	(7)	-	(7)
Closing fair value at 31 December 2025	4	67	-	71
<i>Reconciliation of the financial liability fair values at the beginning and end of the interim period:</i>				
Opening fair value at 30 June 2025	-	-	1,000	1,000
Settlement of deferred consideration	-	-	(1,000)	(1,000)
Closing fair value at 31 December 2025	-	-	-	-

Assets and liabilities held for sale are measured at fair value on a recurring basis.

There were no transfers between levels during the interim period.

Note 19. Events after the reporting period

Apart from the dividend declared as disclosed in Note 16, no other matter or circumstance has arisen since 31 December 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Directors' Declaration

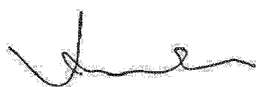
Directors' Declaration

In the directors' opinion:

- a) The consolidated interim financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- b) The attached consolidated interim financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2025 and of its performance for the half-year ended on that date; and
- c) There are reasonable grounds to believe that the Company will be able to pay its debts when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



John McMurdo
Managing Director and Chief Executive Officer
Australian Ethical Investment Limited
25 February 2026

Independent Auditor's Report



Independent Auditor's Review Report

To the shareholders of Australian Ethical Investment Limited

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Australian Ethical Investment Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Australian Ethical Investment Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2025 and of its performance for the **Interim Period** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Condensed Consolidated statement of financial position as at 31 December 2025;
- Condensed Consolidated statement of comprehensive income, Condensed Consolidated statement of changes in equity and Condensed Consolidated statement of cash flows for the Interim Period ended on that date;
- Notes 1 to 19 comprising material accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises Australian Ethical Investment Limited (the Company) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

The **Interim Period** is the 6 months ended on 31 December 2025.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Interim Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (the Code) that are relevant to audits of annual financial reports of public interest entities in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.



Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2025 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

Jessica Davis

Partner

Sydney

25 February 2026