Australian Ethical

ASX Announcement

Appendix 4E

For the year ended 30 June 2026

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

Results for Announcement to the Market

(All comparisons to year ended 30 June 2025)

	$'000	Up / Down	% Movement
Revenues from ordinary activities	**129,546**	**up**	**9%**
Net profit after tax	**25,813**	**up**	**28%**
Less: Net profit after tax attributable to The Foundation	(75)		
Net profit after tax attributable to shareholders	**25,738**	**up**	**29%**
Integration & transformation costs	2,156		
Amortisation of Altius intangibles	144		
Tax on adjustments	(690)		
Underlying profit after tax	**27,348**	**up**	**15%**

Dividend information	Cents per share	Franked cents per share	Franking level
Interim 2026 dividend per share (paid 23 March 2026)	8	8	100%
Final 2026 dividend per share (to be paid 18 September 2026)	10	10	100%

Final dividend dates	
Ex-dividend date	2 September 2026
Record date	3 September 2026
Payment date	18 September 2026

	30 June 2026	30 June 2025
Net tangible assets per security	$0.33	$0.24
Net asset value per security	$0.44	$0.36

This information should be read in conjunction with the 2026 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 4E disclosure requirements can be found in the Directors' Report and the Annual Financial Report for the year ended 30 June 2026.

This report is based on the consolidated 2026 financial statements of Australian Ethical Investment Limited which have been audited by KPMG. The Independent Auditor's Report by KPMG is included in the Annual Financial Report for the period ended 30 June 2026.

Australian Ethical Investment Limited and
its Controlled Entities

Annual Financial Report

30 JUNE 2026

ABN 47 003 188 930

Directors' Report

The directors present their report, which includes the Remuneration Report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Australian Ethical Investment Limited (referred to hereafter as 'Australian Ethical', 'AEI', the 'Company' or 'Parent entity'), Australian Ethical Superannuation Pty Limited ('AES') and Australian Ethical Foundation Limited (the 'Foundation') for the year ended 30 June 2026.

Directors

The following persons were directors of Australian Ethical Investment Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Steve Gibbs

Non-Executive Director since 2012 and Chair since 2013

BEcon, MBA

Steve chairs the Nominations Committee, is a Member of the People & Remuneration Committee and a Member of the AES Insurance and Benefits Committee. He is a Director of AES and Chair of Australian Ethical Foundation Limited.

Steve has extensive experience at both an executive and non-executive level in the investment and superannuation industries, including being a former CEO of the Australian Institute of Superannuation Trustees, a former CEO of what is now Commonwealth Superannuation Corporation and a non-executive director of Hastings Funds Management and Westpac Funds Management. Steve has been recognised for his commitment to, and expertise in, ethical and responsible investing.

Julie Orr

Non-Executive Director since 2018

BEc, MCom, MCom (Hons), CA, GAICD, FGIA

Julie is Chair of the AEI Audit, Risk and Compliance Committee (from 1 November 2025), a Member of the Nominations Committee, the Investment Committee and AES Audit, Risk & Compliance Committee. She is also a Director of Australian Ethical Foundation Limited, and a Non-Executive Director of CRC-SAAFE and a member of their Audit, Finance & Risk Committee.

She has over 20 years of experience in executive and board roles including experience with superannuation, investments, financial planning, stockbroking, research, insurance, audit, finance, acquisitions and business integration.

Julie's most recent executive experience was Group General Manager Corporate Development and General Manager Operations for IOOF (now Insignia). She was previously Director of Finance India and Asia Pacific for Standard and Poor's, Head of Research for Morningstar, Chief Operating Officer at Intech and Senior Audit Manager with EY. Julie's prior board experience includes Artistic Swimming Australia, Perennial Value Management, Ord Minnett, AvSuper and Masters Swimming NSW.

Sandra McCullagh

Non-Executive Director since 2023

BA, BSc, MBA, FAICD

Sandra is Chair of the Investment Committee, and a Member of the Nominations Committee. She has a strong background in Environmental, Social & Governance (ESG) and experience on both the buy-side and sell-side. She was the former top-rated head of ESG and utilities equities research at Credit Suisse Australia. She is a director of the Sunshine Coast Hospital & Health Board, and Sydney Dance Company, and is a member of the Audit Risk and Management Committee for the Department of Education Qld. Sandra was a former trustee and Chair of the Investment Committee of QSuper, leading up to its merger with SunSuper.

She has also been on the Boards of Workcover Queensland, the Investor Group on Climate Change, whose scope includes Australia, New Zealand and Asia, and the New Zealand Stock Exchange Corporate Governance Institute. Sandra is a Fellow of the Australian Institute of Company Directors and a member of Chief Executive Women.

Brian Bissaker

Non-Executive Director since 2025

BComm, FCA, GAICD

Brian is Chair of the People & Remuneration Committee (from 1 June 2026) and a Member of the AEI Audit, Risk & Compliance Committee (from 1 November 2025). Brian has spent 30 years in leadership positions within the financial services sector spanning funds management, superannuation, life insurance and banking.

Brian's extensive executive experience includes roles as CEO of Colonial First State and of Virgin Money Australia, Executive Vice President at BT Funds Management and Group Executive of the Bank of Queensland. He also served the sector on the boards of both the Financial Services Council and the Association of Superannuation Funds of Australia and held a position as Adjunct Professor of the University of Sydney Business School teaching in the Executive MBA program.

He currently holds non-executive director positions on the boards of MetLife Insurance, IMB Bank, the IMB Community Foundation, IMB Securitisation Services and is a Non-Executive Director and Member of the Finance Committee of the Mercy Foundation established by the Sisters of Mercy.

Karen Orvad

Non-Executive Director since March 2026

B.Comm, MBA, CAANZ, GAICD

Karen is a Member of the People & Remuneration Committee and a Member of the AEI Audit, Risk & Compliance Committee. Karen is a professional Non-Executive Director, experienced executive and former KPMG Partner with over 25 years' experience advising on and transforming board governance, culture, risk and internal audit programs at ASX listed and global companies.

Karen has held senior executive internal audit and risk roles in the financial services and aviation industries. An experienced Board Chair and Audit and Risk Committee Chair, Karen is the Chair of St George Community Housing (SGCH), Non-Executive Director of Bolton Clarke, Deputy Chair of Aspect (Autism Spectrum Australia) and Non-Executive Director of AusPayNet. Karen is also a member of the NSW Treasury and Energy Co Audit and Risk Committees.

John McMurdo
Chief Executive Officer and Managing Director since 2020
MBA, FAICD

John brings more than 35 years of experience in investment management, private client advisory and wealth management across Australia and New Zealand, including more than 20 years in CEO roles at several leading investment and wealth management businesses.

In addition to his leadership of Australian Ethical, he is currently a Non-Executive Director of Australian Philanthropic Services, Australia's leading independent not-for-profit philanthropic services organisation, and a member of the Funds Management Board Committee of the Financial Services Council of Australia.

John has an MBA from Henley Business School (U.K.) and has been recognised as a Fellow of the Australian Institute of Company Directors (FAICD), based on his extensive Board and Directorship experience within and outside financial services.

Former Directors

Kate Greenhill
Non-Executive Director until 31 October 2025
BEc, FCA, GAICD

Kate Greenhill retired following more than a decade of distinguished service across the boards of Australian Ethical, Australian Ethical Super and the Australian Ethical Foundation. Kate was a Chair of the AEI and AES Audit, Risk & Compliance Committees and was a Member of the People & Remuneration Committee. Kate was a Director of AES and Australian Ethical Foundation Limited and was a Member of the AES Insurance and Benefits Committee.

Richard Brandweiner
Non-Executive Director until 4 May 2026
BEc, CFA

Richard stepped down from the Board to take up the role of Chief Investment Officer at Australia's Sovereign Wealth Fund – the Future Fund. Richard was a Director of AEI and a member of the Investment Committee and the People & Remuneration Committee.

Company secretary

Karen Hughes
BSc (Hons), ACA (ICAEW), GAICD, FGIA

Karen has over 30 years' experience in financial services in Australia and the UK and has been Company Secretary since 2020.

Principal activities

Australian Ethical Investment's (AEI's) principal activities during the financial year were to act as the responsible entity for a range of public offer ethically managed investment schemes. In addition, its subsidiary, Australian Ethical Superannuation Pty Ltd (AES), acts as the 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 Company's activities during the year.

For 40 years our purpose has been to invest for a better world. We believe investing ethically can deliver both attractive investment returns, over the medium to long term, and influence progress towards a better future for the planet and all its inhabitants.

We apply our comprehensive ethical approach to intentionally allocate capital to investments designed to deliver net positive environmental and social outcomes. We use our leadership position[1] as ethical investors to catalyse positive change for people, planet and animals.

We aspire to be a global role model delivering strong commercial success AND progress on real-world priorities through ethical investing.

1 RIAA Responsible Investment Leader since 2021; Rainmaker ESG Leader since 2022

Year in review

Since 1986, Australian Ethical has invested for a better world, guided by our Ethical Charter. Over four decades, we have sought to deliver long-term returns by allocating capital and advocating for change that supports a better future for people, planet and animals.

As pioneers in ethical investing, we have achieved many firsts, including launching Australia's first 100% ethical super fund in 1999 and becoming Australia's first publicly listed B Corporation in 2014[2]. Since then, multiple awards and accolades have reinforced our reputation as authentic leaders in responsible investment.[3]

Today, we manage more than $14 billion[4] in ethically assessed funds for over 100,000 values-aligned members and investors. Through our ethical stewardship, we help to push for real-world change that benefits people, animals and the planet. We further extend our influence through the Australian Ethical Foundation (the Foundation). Each year we donate 10% of profits (after tax and before employee bonuses) with the focus on high-impact organisations working to protect and restore nature, address climate change and empower First Nations peoples.

Across decades and market cycles, we have shown that long-term returns can be delivered while investing in companies and assets helping to shape a better future. We look back with pride and ahead with optimism, while recognising progress is not always linear.

The most recent decade is evidence of this. The 11 years since the Paris Agreement have been confirmed as the hottest global average on record.[5] By contrast, renewable energy sources collectively generated almost as much electricity as coal globally in 2025,[6] while the UN's 2025 Sustainable Development Goals (SDG) stocktake showed that meaningful global progress had been made in key goals including broader access to education, improved maternal and child health, a narrowing of the digital divide, and reductions in infectious diseases such as HIV and malaria.[7]

As these longer-term global shifts become increasingly apparent, current geopolitical tensions and global trade uncertainty have created ongoing challenges for investors. In the second half of the year conflict in the Middle East escalated sharply. Attacks on shipping and military activity around the Strait of Hormuz pushed energy prices higher, renewing focus on inflation, and raising questions about how long interest rates would need to stay elevated.

In this context, markets favoured the major miners and energy producers such as Woodside, BHP and Rio Tinto – companies we steer away from due to our Ethical Charter. By contrast, healthcare and technology, sectors where we have historically found many of our strongest opportunities, faced tougher conditions as three interest rate rises weighed on growth-oriented companies. Despite these challenges, we delivered positive performance in our diversified funds, bolstered by returns from our fixed income and private markets investments.

However, these dynamics have also served to reinforce the longer-term investment case for the energy transition. The conflict in the Middle East highlighted the vulnerability of fossil fuel supply chains, increasing awareness of both energy costs and sovereign energy risk. At the same time, continued growth in electric vehicle sales points to shifting consumer preference towards electrification and the need for ongoing investment in renewable energy infrastructure.

Our Ethical Charter has always guided our investment decisions and will continue to do so. We focus on quality investments we believe are positioned for long-term relevance and growth, while limiting exposure to those we believe face structural decline or long-term risk.

We maintain this approach knowing it can create short-term headwinds, just as it can create short-term tailwinds. Over the past three years, we have examined many new investment opportunities through our ethical lens – especially in private markets, fixed income and active international equities – to diversify our portfolios and demonstrate ethical investment leadership beyond domestic equities.

Our leadership, reputation and growing scale enable us to create value for our stakeholders – including customers, employees, suppliers and shareholders – as well as the communities and the natural world in which we operate.

2 https://bcorporation.com.au/stories/australian-ethical-bftw-2021
3 See awards page 7
4 As at 30 June 2026
5 2015 to 2025 are the 11 hottest years on record and 2023 to 2025 are the hottest of all: https://wmo.int/news/media-centre/wmo-confirms-2025-was-one-of-warmest-years-record
6 https://www.iea.org/reports/global-energy-review-2026/key-findings
7 United Nations Department of Economic and Social Affairs (2026). The Sustainable Development Goals Report 2026. New York.

As part of these results, we are announcing an FY26 donation of $3.4 million to be distributed to the Australian Ethical Foundation, thereby supporting organisations and initiatives that advance climate justice and resilience, protect and restore nature and deliver place-based nature solutions. This is another record-breaking year, bringing our total donations to more than $16 million since 2016.

Throughout the year, we continued to be recognised by peers, research houses and industry bodies.

Zenith and Lonsec awarded “Recommended” ratings to all our multi-asset funds, while Lonsec also rated all our Domestic Equities funds “Recommended”. Zenith upgraded the Australian Ethical International Share Fund to “Approved”, and Lonsec rated the Australian Ethical Altius Credit Income Fund “Investment Grade”, bringing it into line with our other Fixed Income funds.

We received several awards and accolades. Money Magazine’s 2026 Best of the Best Awards named us Best ESG Super Product and Best ESG Pension Product, while KangaNews named us Australian Sustainability Fund Manager of the Year 2025.

RIAA again recognised us as a Responsible Investment Leader and Responsible Super Fund Leader for 2026, and Rainmaker again rated us an ESG Leader in 2025. YouGov assessed Australian Ethical as having Australia’s most persuasive superannuation brand, and we won the NEO Brand Awards Financial Partner award for the second consecutive year. Our Australian Ethical Emerging Companies Fund won Best Ethical or Impact Overseas Fund in New Zealand’s Mindful Money Awards, and our sustainably focused out-of-home advertising campaign received the People’s Choice Award in Finder’s Green Innovation category.

Customer satisfaction also remained a key measure of our success. We were named Superannuation Fund of the Year and Retail Superannuation Fund of the Year in the Roy Morgan Customer Satisfaction Annual Awards 2025. Among 16 leading super fund competitors, our Net Promoter Score (NPS) ranked in the top three.[8]

Growing with a clear, consistent and disciplined strategy

Our Purpose
Investing for a better world

+

Our Vision
Make money a force for good

+

Our Values
Action, authenticity, empathy, curiosity, connection

Growing superannuation scale with ethical investment leadership

Maximise growth through our differentiated value proposition, brand resonance and data driven marketing to attract new customers. Delivering customer experiences, outcomes and confidence that reflect our ethical and financial impact, enabling us to retain and grow customers and FUM.

Extend our ethical investment capability to win beyond super

Build, package and deliver an integrated investment management, product, and distribution proposition to scale a profitable ethical funds management business, creating real world impact.

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

Accelerate growth and underpin operating leverage and resilience. Differentiated capabilities through deep use of data, insights, and technology. Modern, scalable operating platforms and processes, enabling agility in our customer experience, with growth conducive fee-scales from core partners.

Enabled by a purpose driven & high performing culture

Enhance our unique purpose driven and high performing culture, enabling our talent to achieve their potential and drive our business success. Culture of product leadership, continuous improvement, innovation, leadership, data-driven commercial decision-making, and customer centricity.

8 Investment Trends 2025 Super Member Engagement Report, May 2026

Review of operations

Despite a period of challenging market conditions, we've continued with the steadfast execution of our multi-year growth strategy, completing key initiatives according to our FY26 plan.

Growing superannuation scale with ethical investment leadership

In December 2025 we transitioned the final tranche of members to our new administrator GROW Inc. This completed a three-year effort to consolidate our growing membership[9] onto a single administration platform. We are excited about the additional capability this provides and the ongoing uplift to member experience it enables. It was pleasing to see data for the first complete financial year since claims and complaints handling were integrated into our in-house contact centre. Despite the increased complexity of these enquiries, the team was able to resolve 90% of complaints at the first point of contact and achieve 96% customer satisfaction for calls and 72% for emails.[10] These strong results were confirmed in the May 2026 Investment Trends Member Engagement Report where the Super Fund recorded a top 3 NPS of +26 – well above the industry average of +5.[11]

Our innovative digital marketing has always been a strength of our business model with most new members choosing us directly rather than via the employer default arrangements from which other super funds benefit. Our new administration platform facilitates a smoother onboarding process and the ability to better understand our members' needs through integrated data management.

In the March quarter, we made several enhancements to the way we use digital marketing platforms, implemented changes to our website information architecture and enhanced our new member onboarding process. This combined to deliver an increase in new member joins and funded accounts in the second half of the year when compared to the first half. We continue to focus on optimising the join experience to build on this momentum.

In Q4, a new retirement calculator was launched. In its first full month, it generated 5.2% of total site visits, with traffic coming from both members and prospects. The calculator will form one part of a broader 'help and support' offering that will be available to members later in 2026. In addition, we have commenced the development of a new member app, expected to be launched in FY27.

Several initiatives designed to reduce costs, standardise benefits and increase transparency for members were completed in FY26. The most significant was the insurance harmonisation project, which aligned insurance arrangements across the Super Fund to reduce complexity and improve consistency. Through the Super Fund's insurer, MetLife, both the former Christian Super and Australian Ethical member bases now have access to the same insurance cover, delivering a simpler, more transparent and equitable insurance experience. As a result, and to better align the costs of insurance administration and member services, the Trustee reduced the super administration fees for all members on 1 August 2025 and introduced an Insurance Administration fee paid by insured members only.

There were changes to the Strategic Asset Allocations of several of the Super Fund's investment options in March 2026, followed by an update to the Super Fund's investment menu in May 2026. The changes aligned the Super Fund's superannuation and pension investment options more closely, simplifying the offering and improving consistency for members transitioning to retirement. New investment options were also introduced, designed to support long-term outcomes for members based on different risk tolerances.

Extend our ethical investment capability to win beyond super

During the period, the Altius Fixed Income team and investment systems were fully integrated into Australian Ethical, giving investors access to five fixed income investment options spanning sustainable bonds, credit and income strategies under the one Australian Ethical brand. The private markets team has further increased investments across private equity, private credit, infrastructure, real estate and venture capital.

In parallel, systematic and quantitative capabilities are becoming increasingly important in equities evaluation. In July, we signalled our focus in this area with the appointment of Natalie Tam as Head of a new dedicated Quantitative Strategies function.

9 Australian Ethical Super was named a top 10 fund for growth in AUM by KPMG Super Insights 2026 Report, published May 2026, using statistics from APRA and ATO as at 30 June 2025. https://assets.kpmg.com/content/dam/kpmgsites/au/pdf/2026/super-insights-2026.pdf
10 Call satisfaction is based on member responses to post call surveys and email satisfaction is an internal quality score.
11 Investment Trends 2025 Super Member Engagement Report, May 2026

Collectively, these enhancements support greater portfolio diversification and enable the development of new investment products and solutions.

During the year, we launched the Australian Ethical Growth Opportunities Fund (GOF), designed to provide wholesale investors with access to a hard-to-replicate portfolio of diversified private market investments. The Fund is designed to deliver risk-adjusted market-rate returns while influencing progress towards a better future for people and planet.

Following five key thematics: decarbonisation; digitalisation; urbanisation; circular economy; and changing demographics; the Fund employs impact measurement approaches to quantify the outcomes achieved. Initial investments include recycling infrastructure, renewable energy, battery storage and aged care facilities.

When launched in March 2026, GOF received Australian Government support via the Clean Energy Finance Corporation (CEFC) with a cornerstone commitment up to $125 million, alongside a $500 million seed investment from Australian Ethical Super.

The equities team has continued to strengthen under the leadership of Head of Equities Nathan Parkin, with investment in research, portfolio management and the establishment of a dealing function during the year. The team also set the direction for future global active equities offerings.

During the year, the strength of the team was recognised by peers, with Natalie Tam, then Portfolio Manager, Systematic Equities, awarded Investment Professional of the Year at the 2026 Women Empowering Wealth Awards, while Deana Mitchell, Portfolio Manager, and Kirsten Lee, Head of Credit Research, were recognised as finalists.

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

A strong brand and a modern operating platform form the backbone of our growth strategy, enabling the business to scale efficiently and resiliently. As already outlined, the transition to GROW was completed in this reporting period as was the move of all our members to a single insurance product with MetLife. Not only does this solution deliver better insurance outcomes for members and a platform for the continued enhancement of member experience, it provides us with the ability to drive greater efficiency in our operations and improved operating leverage for our business.

In the investment business, solid progress has been made with the implementation of the Charles River platform. In the period, the Fixed Income and Equities (Domestic and International) asset classes were rolled onto the platform, with the last remaining asset class (Multi Asset) due to be completed in the first half of FY27. The new platform provides greater efficiency, improved risk management, and scalability across our investment operations. It will ensure that our investment platform is well positioned to service middle-market values-aligned and other institutional clients.

These major milestones have positioned the business well to take the next step on our journey to creating a seamless, digital-first experience where a majority of member and investor needs are resolved end-to-end without hand-offs, rework or calls, so our business can scale and increase the quality of service efficiently and in line with our customer expectations.

We intend to work with a third party to conduct an enterprise-wide assessment of our capability and provide a blueprint for enhancing digitisation of operations across super and asset management. We will develop a roadmap for the prioritisation and sequencing of our continued investment in technology, data and new ways of working to improve how the business operates, serves customers and creates value.

Ensuring our business is resilient as well as efficient is critical and as such we continue to focus on the governance uplift required to further strengthen the governance, risk management and oversight of related-party arrangements to support the continued maturity of the superannuation business and the best financial interests of its members. In the second half of FY26, our Superannuation Trustee made good progress to address the additional licence conditions imposed by APRA on 27 November 2025.

As part of this work, EY was engaged to undertake an independent review of the Trustee's framework for assessing, overseeing and substantiating related-party outsourcing arrangements in relation to the licence conditions. The review highlights further governance enhancements the Trustee will undertake in FY27.

Enabled by a purpose-driven & high performing culture

Nurturing a capable, purpose-led culture that attracts, develops and retains talented people remains fundamental to Australian Ethical's long-term success.

We welcomed two senior executives to the business, Anthony Lane as Chief Operating Officer (COO) and Natalie Kooyman as Chief Risk Officer (CRO). Both are replacement roles reporting directly to CEO John McMurdo.

As COO, Anthony leads Australian Ethical's daily operations and key strategic initiatives to enhance growth, resilience, and efficiency. In the dedicated CRO role, Natalie is responsible for all aspects of the company's enterprise-wide risk management framework.

Further strengthening our governance and risk capability, former CRO and Company Secretary Karen Hughes transitioned to lead the Superannuation Trustee Office in addition to her role as Company Secretary. We have also made key hires and added consultant contractors to drive improvements and provide ongoing maturity to our governance and risk management approach.

To support our ongoing growth, we added capability to our product management and distribution teams and hired new specialists in Equities and Quantitative Research.

Our people remain deeply connected to our purpose. In our June 2026 employee survey, we achieved a top quartile employee engagement score of 77%.[12]

We introduced a new Employee Assistance Program (EAP) partner – Sonder – to strengthen our approach to employee wellbeing and rolled out leave enhancements to support diversity in the workplace including gender affirmation leave and reproductive health leave.

To enhance our individual and collective understanding of Workplace Health and Safety obligations, we also ran training for all employees, leaders, and the Board. We invested further in our Senior Leaders Group and People Leaders through leadership workshops designed to help foster our purpose-driven and high performing culture.

This year's AEx Week event (an annual learning and development focused event) was designed to inspire curiosity, shift mindsets, and build organisation-wide capability in priority areas such as innovation and responsible AI adoption.

Board renewal

Board renewal remained a key focus during the reporting period.

Australian Ethical Investment (AEI)

In October 2025, Non-Executive Director Kate Greenhill retired following more than a decade of distinguished service across the boards of AEI, AES and the Australian Ethical 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.

In early 2025 Brian Bissaker joined the AEI Board as a Non-Executive Director. Brian's significant leadership, governance and operational experience across financial services have been significant additions to the AEI Board's capabilities.

Also in 2025, Richard Brandweiner joined the AEI Board as a Non-Executive Director. He subsequently stepped down in April 2026 to take up the role of Chief Investment Officer at Australia's Sovereign Wealth Fund – the Future Fund. We thank Richard for his contribution and wish him every success in his important new role.

In March 2026 Karen Orvad was appointed as a Non-Executive Director of AEI. Karen brings extensive experience in governance, audit and risk management, including as a former risk and internal audit partner and senior executive across ASX-listed companies in the aviation and financial services sectors.

These changes form part of a structured and ongoing board renewal program designed to maintain an appropriate balance of skills, experience and independence.

Australian Ethical Super (AES)

Fiona Reynolds was appointed Chair of Australian Ethical Super (AES) Board in August 2025. Fiona brings deep expertise in superannuation, responsible investment and sustainable finance, including former leadership roles with the UN-supported Principles for Responsible Investment and the Australian Institute of Superannuation Trustees.

Michael Anderson resigned from the AES Board in May 2026, following the successful transition of former Christian Super members to GROW and the finalisation of the insurance harmonisation project. We thank Michael for his contribution during this period of growth and integration and are pleased that he will remain on the Group's Investment Committee.

12 Culture Amp Employee engagement survey June 2026. Top quartile for Financial Services Australia is 76% and above:

The Board also welcomed two new independent Non-Executive Directors, Mark Pulli and Louise Eyres.

Mark brings extensive experience in superannuation and insurance, including as former Chief Executive Officer of ESSSuper.

Louise in turn brings significant expertise in customer strategy, marketing, digital transformation and member engagement gained across financial services, member-based organisations and government agencies.

Together, these appointments enhance the breadth of experience and skills on the AES Board and support its continued focus on delivering strong governance and member outcomes.

Delivering on our Purpose

Climate Transition Plan

Climate change threatens people, nature, economies and markets. Alongside these real-world impacts, it also presents material financial risks that investors must manage to help protect the long-term interests of their stakeholders.

In FY26 both the AEI and AES Boards approved our new Climate Transition Plan reaffirming our commitment to contribute to the limiting of global warming to 1.5°C, in line with the goals of the Paris Agreement and our Purpose to invest for a better world. The Plan doubles-down on our early climate leadership by adding new initiatives and measures that reflect the broad range of asset classes in our portfolio, by making greater use of available sustainability data to aid transparency, and by leveraging our capabilities and responsible investment leadership position.

The plan outlines five key levers that will support our ambition. We will:

- Build investment strategies that favour climate-positive opportunities and manage climate risk.
- Expand climate-focused products and investment strategies across public and private markets.
- Continue to apply science-based climate-related ethical criteria to shape our investment universe.
- Use stewardship and engagement to push for stronger action on fossil fuels, deforestation and climate policy.
- Use public voice, customer advocacy and Foundation activity to support broader climate progress.

We have introduced several new metrics to help us track our progress. These will be detailed in our FY26 Sustainability Insights to be published in October as part of our Annual Report.

Impact & Ethics

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 to co-filing resolutions at NAB, Macquarie, and QBE AGMs, 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. We have raised concerns with Woolworths on these issues, and 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. After the enhancements that followed this sustained engagement, Non-Government Organisations (NGOs) now assess Woolworths' approach to deforestation in livestock supply chains as broadly on par with Coles – reversing their prior decline in commitment.

For nearly a decade, Australian Ethical has been focused on halting the financing of fossil fuel expansion by engaging with the major banks and insurers on how they align their lending and underwriting 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. Of the three major Australian banks, pleasingly, NAB has again made progress in FY26, enabling us to withdraw our climate shareholder resolution after NAB introduced a new expectation that oil and gas companies cap or reduce hydrocarbon output, and delivered the transparency we asked for by disclosing the percentage of assessed customers that were eligible for continued financing. This sets a new high watermark for climate commitments among the big banks.

By contrast, Westpac weakened its assessment of the transition plans of oil and gas clients, allowing continued financing of companies involved in unsustainable fossil fuel expansion.[13] 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.

We gained support for our FY26 resolutions at both the Macquarie and QBE AGMs and will maintain our focus on these organisations into FY27.

We don't just engage companies directly, we also push for the policies that set the rules that apply for everyone. In August 2025, we wrote an open letter to the Prime Minister calling for an ambitious 2035 national climate target. This was the culmination of a multi-year project, engaging with policy makers, as well as with other investors and corporates to increase support for an ambitious target. The target of 62–70% subsequently established is a step up in ambition compared to the advocacy of corporate lobby groups.

In February 2026, our team joined an international investor delegation to Indonesia, the first of its kind to provide international investor perspectives to key decision makers in the Indonesian government, regarding climate and nature risks and opportunities for the country. The impacts of the preservation of Indonesian forests, and of the investments being made to meet new energy demand will have long-term impacts on Indonesia's footprint, but also the global transition to net zero.

The Foundation

Since 2016, Australian Ethical has donated more than $16 million to the Australia Ethical Foundation to support its important grant-making work. In FY26 we were able to allocate a record $3.4 million to the Foundation. The Foundation distributes grants designed to help protect and restore nature, address climate change and empower First Nations peoples.

This year, the Foundation reset its strategy in response to the escalating nature crisis, with a focus on supporting systemic interventions capable of delivering long-term environmental and social change, and in alignment with Australian Ethical's stewardship, corporate engagement, and advocacy activities.

This approach was reflected in a record $2.5 million of grants paid by the Foundation during FY26, of which more than half were multi-year commitments, supporting organisations and initiatives working across environmental protection, climate resilience, First Nations leadership and social justice.

Grant recipients included Australian Democracy Network, Environmental Justice Australia, Accounting for Nature, IndigiGrow, ACOSS, Environs Kimberley, Original Power, Environment Centre NT, the Groundswell Giving Major Giving Circle, WWF Australia, Country Needs People, NSW Aboriginal Land Council, Wentworth Group of Concerned Scientists and the Martuwarra Fitzroy River Council, among others.

A significant initiative during the year was support for a West Kimberley climate adaptation pilot led by the Martuwarra Fitzroy River Council in partnership with Nulungu Research Institute, Griffith University and the Wentworth Group of Concerned Scientists. Building on the Blueprint for Repairing Australia's Landscapes, the project brings together Indigenous knowledge and western science to identify practical opportunities for climate adaptation, landscape restoration and sustainable economic development across the region. The initiative aims to position the West Kimberley as a nationally significant demonstration of place-based, Indigenous-led climate resilience and landscape restoration.

Through these grants the Foundation is strengthening its role as a catalyst for systems change by supporting collaborative, evidence-based and community-led solutions that address the interconnected challenges of biodiversity loss, climate change and social inequity.

13 https://www.marketforces.org.au/westpacs-new-climate-plan-betrays-scientific-reality/

Financial performance

The disciplined execution of our strategy delivered another strong set of results for the year.

These pleasing results demonstrate the strength and momentum of our business, with continued underlying business growth, together with disciplined cost management, enabling further investment in team capability and strengthening of the business platform needed to support sustainable growth, even during volatile market conditions.

Profit

Underlying profit after tax was $27.3 million, up 15% compared to the prior year. Underlying profit after tax is calculated after excluding integration and transformation costs[14] and the amortisation of Altius intangibles. The net profit after tax attributable to shareholders was $25.7 million, up 29% compared to the $19.9 million in FY25. The net profit after tax for the Group amounted to $25.8 million, which includes consolidating the Foundation's activities.

Revenue

Revenue of $129.5 million was 9% up on the prior year, driven by average FUM growth of 11% and a full year of Altius fixed income business, partially offset by lower average revenue margin due to changes in product mix. Average FUM growth was primarily underpinned by continued positive net flows and investment performance.

The average revenue margin across all products was 0.91% compared to 0.92% for the full year FY25. The small reduction during FY26 is primarily due to the full year impact of the lower margin fixed income FUM acquired with the Altius business in late September 2024.

Expenses

As previously highlighted, while we continue to implement our strategy to build a highly capable, scalable and efficient operating platform, we expected a number of operating expense savings to crystallise following the completion of key transformational programs. These include the transition of administration services to GROW Inc and the transition of custody services to State Street. Pleasingly, the positive commercial impacts of these programs continued to deliver meaningful cost savings in FY26.

Underlying operating expenses, excluding $2.3 million in non-underlying adjustments in FY26 (comprised of $2.2 million of integration and transformation costs and $0.1 million of amortisation of Altius intangibles), increased by 7% compared to FY25. The expense growth was driven predominantly by employee expenses, with overall cost growth contained by a decrease in fund related expenses due to lower administrator and custodian costs.

As we continue to grow our business, we are seeing further improvements in operating leverage, with an underlying cost to income ratio (CTI) of 69.8% in FY26 compared to 71.4% in FY25. Underlying CTI excludes integration and transformation costs, due diligence & transaction costs, amortisation of Altius intangibles and the results of the Foundation.

Key drivers of the operating expense increase include:

Employee expenses

- Employee expenses increased 11% compared to prior year.
- The increase in employee expense reflects the cost of new hires (including the full year impact of acquiring Altius in early FY25), inflationary staff and director salary increases, superannuation guarantee increases and other employee expense increases.
- FTE were 148 at 30 June 2026, compared to 138 at 30 June 2025 (excludes fixed term contractors working on strategic projects). Strategic hires were made in the Ethical Research team, Product team and Investment team to lift capacity and capability. Further, Risk and Operations team hires will support strengthening our governance frameworks.
- 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 18 team members who ensure high quality customer service interactions, insurance claims and complaints handling for our members and investors.

14 Integration and transformation costs primarily include costs of the transition of administration services to GROW Inc, costs relating to the insurance harmonisation initiative, costs relating to licence conditions imposed by APRA (including the required independent review and activities commenced to strengthen the governance, risk management and oversight of related-party arrangements). Prior year UPAT adjustments also include due diligence and transaction costs relating to the acquisition of the Altius business and other inorganic opportunities.

Fund-related expenses

- Overall fund-related expenses decreased 1%.
- The benefits of the transition of our superannuation administration and custody services have favourably impacted year-on-year fund related expense movement. Administration and custody fees decreased 16% over the year compared to revenue growth of 9% and average FUM growth of 11%. The increases relating to FUM and transaction volume growth was more than offset by the new commercial rate cards following the transitions to GROW Inc for superannuation fund administration and State Street for custody & investment administration services. The unit cost saving expectations were fully realised in FY26.
- Fund-related project expenses increased primarily due to costs relating to the enhancement of our investment platform including the implementation of a new generation scalable Front/Middle/Back-office platform to integrate and uplift our investment operations capability, efficiency, improve risk management, and ratings. This initiative also resulted in an increase in investment system (licensing and data) costs which are also included in fund-related expenses.

Marketing expenses

- Marketing expenses of $9.4 million were broadly in line with FY25.
- Marketing is a critical driver of both brand and business growth through advertising, communication and events.
- The focus during the period has been increasing the value and efficiency of marketing spend through platform enhancements.

IT expenses

- Our investment in technology increased 26% compared to the prior year.
- Technology investment is required to deliver a strong, resilient operating platform to support the business as it scales.
- The increase in FY26 is due primarily to costs associated with improving our digital capability through developing a Super App and strategic investments in cyber security, AI software and data platform capability, aligned to business growth.

External services

- External services expenses increased 18% compared to the prior year as a result of the timing of internal audit costs and additional short-term consulting-type services costs to support key initiatives.

Funds under management

Our new funds under management (FUM) milestone of $14.5 billion at 30 June 2026, represents growth of 4% from FY25 despite challenging investment markets and elevated geopolitical uncertainty throughout the year. Average FUM increased 11%.

Positive organic net flows of $664 million were recorded for FY26 (13% up on FY25), driven primarily by superannuation net flows of $527 million, supported by increasing superannuation guarantee contributions, rollover activity, and strong end-of-financial-year contributions. We also saw improving member acquisition momentum in the latter half of FY26 following the successful completion of the transition to the GROW administration platform, enhancements to digital marketing capability, improved member onboarding processes and the reactivation of the Employment Hero acquisition channel.

We were pleased to report both record superannuation guarantee contributions and record end-of-financial-year voluntary contributions during FY26.

Australian Ethical also continued to make meaningful progress in establishing a second growth engine beyond superannuation, with increasing traction in values-aligned middle-market and institutional channels, supported by continued product innovation. Following the March 2026 launch of the Australian Ethical Growth Opportunities Fund, the Clean Energy Finance Corporation's (CEFC's) $125 million cornerstone investment contributed to organic institutional net flows of $173 million for the year.

Further, we saw the onboarding of new values-aligned, middle-market clients aligned to Australian Ethical's impact and investment philosophy, with a total of $54 million received through this channel. There is a middle-market pipeline and further new middle-market clients are expected to land in early FY27. These middle-market inflows provided some resilience against the anticipated higher-than-usual redemptions in both advised and direct channels during the period.

These net inflows were partially offset by the previously disclosed $250 million redemption of the Australian Unity Bank mandate following the sale of its banking business to Bank Australia. The loss of this low-margin institutional mandate, acquired as part of the acquisition of Altius Asset Management, has had only a small impact on revenue.

Investment performance contributed $187 million to FUM during FY26, reflecting difficult market conditions. Heightened geopolitical uncertainty, inflationary pressures and rising interest rates affected a number of growth-oriented sectors, including information technology, healthcare and emerging companies, where Australian Ethical holds overweight positions. These impacts were partially offset by strong performance across fixed income and private markets portfolios. Pleasingly, investment performance recovered strongly in the final quarter, contributing $650 million for the quarter and supporting Australian Ethical's achievement of a new record FUM outcome.

Funds under management ($ billion)	FY26	FY25	Change (YoY%)
Opening FUM	13.94	10.44	34%
Superannuation net flows	0.53	0.51	
Investments* net flows	(0.04)	0.06	
Retail & Wholesale net flows	0.49	0.58	
Institutional net flows	0.17	0.01	
Total organic net flows	**0.66**	**0.59**	**13%**
Inorganic movements	(0.25)	1.93	
Capital management^	(0.04)	(0.07)	
Investment performance	0.19	1.05	
Closing FUM	**14.50**	**13.94**	**4%**
Average FUM	**14.05**	**12.71**	**11%**

* Includes Managed funds (retail and wholesale) and SMA. Excludes Institutional.

^ Relates to institutional client capital management activities. These FUM movements are typically subject to variability and cyclical trends and have a small revenue impact given the low margin on these funds.

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 & 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/corporategovernance/

The RMF is supported by the Three Lines of Defence model. The first line comprises business management and employees who own, identify, assess and manage risks and operate controls as part of their day-to-day activities. The Executive Leadership Team (ELT) is responsible for implementing sound risk management practices and maintaining an appropriate risk culture within their areas of accountability. Australian Ethical's second line, the Risk team, facilitates the RMF, including review and update of the risk register and RMF, reports 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), who provides assurance over the RMF and independent review of the design and operation of the control environment. External Audit (KPMG) also provides assurance, through the annual audits and reviews as required by SPS 310 and the Corps Act, that internal controls are designed appropriately and operating effectively.

Risk category	Risk description/impact	Risk mitigants
Governance, Regulatory and Compliance Risk	Risk that Australian Ethical breaches its corporate, fund and superannuation regulatory and legal obligations or industry standards (including licence conditions, governing documents). Risk that Australian Ethical's insurance policies are not appropriate to cover business risk levels.	• Dedicated Risk and Legal Team. • Internal & external reviews of public documents. • Mandatory compliance training for all staff based on internal policies and procedures. • Embedded controls assurance framework, including requirement for independent assurance. • Compliance obligations are documented and monitored. • Breach reporting escalation processes. • Annual review of insurance program. • Governance uplift activities in response to APRA licence conditions

Risk category	Risk description/impact	Risk mitigants
Financial	Risk that Australian Ethical 's profitability, capital reserves or liquidity are inadequate to support ongoing business activities. This includes inappropriate accounting, financial reporting and related disclosures (for both the funds and corporate entities), as well as incorrect calculation and payment of tax, and poor financial control and operational processes. Risk arising from low net flows or poor investment performance as a result of exposure to equity markets resulting in potentially volatile earnings (revenue linked to FUM), and poor customer outcomes. Risks arising from calculation of incorrect unit prices.	• Appropriate financial control processes, including monitored cashflows and cash position, annual budgeting and regular forecasting. • Regular reconciliation and review processes for financials, units on issue and applications/ redemptions. • Regular monitoring of regulatory capital requirements. • Appropriate policies and procedures, quality control, management approval frameworks across financial process, asset valuations, distributions, fees and expenses and approval of unit prices. • Internal and external audit, professional reviews of finance and unit pricing controls. • Agile management of resource allocation, prudent cost control. • Regular monitoring of key financial metrics. • Monitoring of external market drivers e.g. interest rates, inflation, and refinement of business activities in response. • Confirmation and recording of asset valuations including Valuation Committee oversight for unlisted assets. • Unit Pricing oversight model including Unit Price Committee.
Strategic	Risk arising from poor strategic decisions, inadequate development and ineffective execution of strategic initiatives, a lack of responsiveness to regulatory change, changing customer expectations or external market and economic trends that could affect our offering or market position.	• Robust and embedded strategy and business planning processes that includes regular review and monitoring of external market trends and metrics. • Dedicated Transformation Office and program management framework for effective execution of strategic and regulatory initiatives. • Senior Leadership variable remuneration linked to strategic metrics. • Regular monitoring of progress against strategy through 'Objective and Key Results' (OKR) framework, reporting to Executive Leadership Team and Board, incorporating agile reprioritisation of initiatives.
People	Risk arising from an inability to hire, engage, develop, empower and retain quality and appropriate capability (including Senior Leadership and Board) to meet performance objectives and execute Australian Ethical 's business strategy. Risk arising from inadequate work health and safety (WH&S) practices. Risk arising from unethical conduct by directors or employees, or from behaviours that are not aligned with Australian Ethical's values, culture and expectations.	• Embedded People policies and procedures (including WH&S policies, procedures and training). • Succession planning, talent identification programs, retention and hiring strategies, embedded performance review processes, remuneration benchmarking and reporting to the People and Remuneration Committee. • Remuneration framework to ensure senior management alignment to medium- and longer-term strategic goals. • Investment team remuneration structure aligned to performance objectives. • Regular employee engagement and turnover monitoring; dedicated employee engagement business representatives. • Employee assistance program. • Inclusion of risk metrics and thresholds as well as values alignment assessment in performance management framework.

Risk category	Risk description/impact	Risk mitigants
Customer	Risk arising from inaccurate, misleading or inadequate PR, marketing, brand, sustainability reporting or advocacy activities leading to reputational damage, regulatory penalties and negative stakeholder sentiment. Risk arising from inadequate processes, systems, outsourced suppliers, quality standards, product offering resulting in poor customer experience and member and investor outcomes, complaints and remediation, reputational damage and financial impacts.	• Regular monitoring of brand awareness. • Media monitoring and Media Policy. • Review processes for marketing material. • Monitoring of key metrics relating to customer satisfaction (CSAT). • Complaints handling processes. • Product guidelines, frameworks and policies. • Service provider monitoring
Climate change	Climate change is a systemic risk to our business, investments, and the financial system as a whole. High emitters in particular face regulatory, legal and reputational risks, as do their value chains, including those who finance their activities. This risk can manifest as increased costs, changes in demand, and declines in asset values, including asset stranding. Climatic changes, both chronic and acute, can affect costs, revenues, and asset values, and will continue to escalate unless effective policy and technological responses are implemented to prevent dangerous climate change.	• Our response to climate change is considered by our board in reviewing and approving our corporate strategy and Climate Transition Plan, via our investment committee, where climate change related topics are regular agenda items. • Our investment beliefs recognise the criticality of preventing dangerous climate change to both our ethical and financial goals. • Our ethical assessment and investments processes consider climate change. We restrict[15] investments in companies assessed to be obstructing the objectives of the Paris Agreement to limit global warming to well below 2°C and to pursue a limit of 1.5°C. • Our Chief Investment Officer and Chief Impact & Ethics Officer together are responsible for implementation of our ethical investment approach, including our climate-related ethical criteria. • Our strategic and active asset allocation processes consider climate risks. • Our Impact & Ethics Team monitors existing and emerging climate-related risks, using diverse company, industry, government, responsible investment, scientific, civil society and news sources. • We monitor the effectiveness of our ethical investment approach in managing climate risk in our portfolios and our progress in delivering on our climate ambition through the metrics we report on in our full Annual Report each year.
Other Sustainability Risks	Risk and opportunities arising out of the interactions with stakeholders, society, the economy and the natural environment – directly and indirectly throughout the value chain.	• Our Ethical Charter forms part of Australian Ethical's constitution and informs all aspects of company operations. • Embedded governance framework including Board and Committee charters, Board and Committee reporting. • Board oversight responsibilities are underpinned by the Ethical Charter, which is embedded in the Board Charter. • B Corp certification status maintained.

15 Our investment restrictions include some thresholds. Thresholds may be in the form of an amount of revenue that a business derives from a particular activity, but there are other tolerance thresholds we can use depending on the nature of the investment. We apply a range of qualitative and quantitative analysis to the way we apply thresholds. For example, we may make an investment where we assess that the positive aspects of the investment outweigh its negative aspects. For information on how we make these assessments for a range of investment sectors and issues such as fossil fuels, nuclear power, gambling, tobacco, human rights, and many others, please read our Ethical Criteria at: australianethical.com.au/globalassets/pdf-files/why-ae/ae-guide-to-our-ethicalinvestment-process.pdf.

Risk category	Risk description/impact	Risk mitigants
Investment & ethical evaluation	Risk arising from inappropriate investment strategies, non-adherence to investment governance, non-adherence to fund governing documents, non-adherence to ethical criteria or inadequate management of market, credit and liquidity risks within the funds. Risk arising from underperformance of Managed Funds and Super Options relative to stated investment objectives.	• Robust ethical investment processes - all investments are evaluated for consistency with the positive and negative principles in our Ethical Charter. • Regular ethical reviews of investments to ensure they remain consistent with our Ethical Charter. • Established investment governance frameworks in place. • Investment performance analytics. • Stress testing. • Reviews, reconciliations and monitoring of key metrics. • Investment Committee (IC) in place with independent members appointed. • Quarterly review of performance (including attribution) by Investment Committee. • Annual review and approval of Strategic Asset Allocations. • IC approved Trust Investment Parameters.
Operations (including Operational Resilience and Material Service Provider Risk)	Risk arising from inadequate processes, systems, quality standards, data management or from external events. This includes (but is not limited to) processing errors, human error, fraud, unauthorised advice or an event which disrupts business continuity. Risk that Australian Ethical enters into untenable contracts and servicing agreements with vendors and suppliers or selects an unsuitable vendor or supplier. Risk that services provided by external service providers are not managed in line with contractual obligations and service level agreements.	• Embedded policies, methodologies, procedures, roles and responsibilities (including segregation of duties where needed). • Board subcommittees e.g., Product Disclosure Committee. • Controls assurance framework. • Effective incident management processes. • Business continuity planning and disaster recovery programs (including by outsourced providers). • Comprehensive insurance program. • Robust documented processes for new product delivery and product management (including regulatory compliance). • New vendor due diligence processes. • Monitoring of key metrics, contractual arrangements and service delivery. • Service provider monitoring

Risk category	Risk description/impact	Risk mitigants
IT, Cybersecurity & AI	Risk arising from inadequate, failed, breached or corrupted IT systems resulting from poor infrastructure, data management, applications, cloud services, business continuity plans, security controls, IT support or unauthorised access. Includes (but is not limited to) confidentiality or privacy breaches, loss of data integrity, loss of sensitive or critical data as well as business disruption or financial loss resulting from a cyber security event, disaster or failure of technology service provider to meet business needs.	• Embedded IT security policies and procedures including mandatory IT policy and training. • Adoption of industry standard framework on the design and implementation of security controls. • Established Board approved formal policy and principles on the use of AI. • Board and ARCC oversight of AI-related risks through periodic and event driven reporting. • Implementation of technical security controls across various domains such as access management, data encryption, perimeter and systems defence, security monitoring and threat detection, vulnerability management, information asset identification and classification, and third-party security reviews. • Periodic penetration testing across systems and infrastructure. • Regular Board oversight over cyber security risks. The Board receives cyber security reporting at least quarterly, covering cyber risk, the threat environment, uplift programs, cyber incidents (where applicable), and information security testing results that identify any control deficiencies and its remediation progress. The Board also receives more frequent reporting when there are urgent and emerging cyber risks or significant security-related incidents. • Business continuity plan, enterprise disaster recovery plan and cyber incident response plans. • AEI Board monitors the Business Continuity Plan, as well as the testing of the Business Continuity and IT Disaster Recovery, performed at least annually. • Independent assurance of cybersecurity controls.

Outlook

Successful execution of our strategy saw Australian Ethical delivering continued growth in FY26, notwithstanding more challenging market conditions in the second half of the year, which moderated revenue growth. While external conditions may continue to present headwinds to underlying FUM growth in FY27, Australian Ethical remains confident in its medium-term growth outlook and is focused on the disciplined execution of its strategy.

We expect continued positive net flows in FY27, supported by the strength of our superannuation business, and increasing momentum in the middle-market channel. This growth will be supported by the recent launch of the private markets Growth Opportunities Fund—specifically designed to support our middle-market segment —our enhanced middle-market distribution capability, and a sustained focus on superannuation member acquisition and retention.

FY27 revenue margins are expected to remain broadly consistent with the 30 June 2026 position of 0.89%, subject to changes in product mix.

Maintaining strong cost discipline while continuing to invest for future growth remains a key priority. We are committed to ensuring our cost base remains appropriate to headline business growth, while investing in the strategic initiatives that will strengthen our platform, enhance customer outcomes and support long-term scale and improving operating leverage.

Key areas of investment include the completion of our investment platform uplift program, delivery of a new superannuation mobile application, commencement of a broader digital transformation program, continued product innovation, and further enhancements to member experience. These initiatives are expected to improve operational efficiency, strengthen customer engagement, broaden our product offering and support increased net flows over time.

We also remain focused on further strengthening our governance framework and risk management capability. Completion of initiatives associated with the APRA licence conditions, together with broader governance enhancements, will ensure Australian Ethical remains well positioned to support future growth while maintaining high standards of oversight and accountability.

While market conditions remain uncertain, our medium-term opportunity remains compelling. With a strong balance sheet, trusted ethical brand, scalable operating platform and clear strategic priorities, Australian Ethical is well positioned to continue delivering sustainable growth and increasing value for members, customers and shareholders in FY27 and beyond.

Financial Performance – management analysis

Financial Performance – management analysis	2026 $'000	2025 $'000	% Change
Net profit after tax (NPAT)	**25,813**	**20,196**	
Less: Net (profit)/loss after tax attributable to The Foundation*	(75)	(258)	
Net profit after tax attributable to shareholders	**25,738**	**19,938**	**29%**
Adjustments:			
Integration & transformation costs	2,156	4,322	
Other income (cost recovery linked to insurance harmonisation)	–	(629)	
Due diligence & transaction costs	–	1,719	
Amortisation of Altius intangibles	144	108	
Tax on adjustments	(690)	(1,656)	
Underlying profit after tax (UPAT)	**27,348**	**23,802**	**15%**
Diluted EPS on NPAT attributable to shareholders (cents per share)	22.48	17.51	
Diluted EPS on UPAT attributable to shareholders (cents per share)	23.89	20.90	

* Refer to Note 38 for additional details in relation to The Foundation's financial results.

Operating leverage (underlying cost to income)	2026 $'000	2025 $'000
Total expenses per statement of comprehensive income	92,703	90,644
Less:		
Integration & transformation	(2,156)	(4,322)
Due diligence & transaction	–	(1,719)
Amortisation of Altius intangibles	(144)	(108)
Net profit/(loss) after tax attributable to The Foundation	75	258
Total underlying operating expenses	90,478	84,753
Divided by:		
Total revenue per statement of comprehensive income	129,546	119,384
Less:		
Other income (cost recovery linked to insurance harmonisation)	–	(629)
Total operating revenue	129,546	118,755
Underlying cost to income ratio (CTI)	**69.8%**	**71.4%**

Dividends

Dividends paid during the financial year were as follows:	2026 $'000	2025 $'000
Final dividend for year ended 30 June 2025 of 9 cents (2024: 6 cents) per ordinary share – fully franked (paid 19 September 2025)	10,208	6,767
Interim dividend for year ended 30 June 2026 of 8 cents (2025: 5 cents) per ordinary share – fully franked (paid 23 March 2026)	9,106	5,671
	19,314	12,438

Since year end the Directors have declared a final dividend of 10 cents per fully paid ordinary share (2025: 9 cents final dividend). The aggregate amount of the declared dividend expected to be paid on 18 September 2026 out of profits for the year ended 30 June 2026, but not recognised as a liability at year end, is $11,383,000 (2025: $10,208,000).

All dividends paid during the year were fully franked based on tax paid at 30%. The final dividend to be paid in September 2026 will be fully franked at 30%.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

Apart from the dividend declared in Note 28, no other matter or circumstance has arisen since 30 June 2026 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.

Likely developments and expected results of operations

Information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

To the best of the directors' knowledge, the relevant environmental regulations under Commonwealth and State legislation have been complied with.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2026, and the number of meetings attended by each Director were:

	Full Board		People and Remuneration Committee		Nominations Committee		Audit, Risk and Compliance Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Steve Gibbs	13	13	9	9	5	5	6	6
Julie Orr	13	13	8	8	4	4	7	7
John McMurdo	12	11	-	-	-	-	-	-
Sandra McCullagh	13	13	8	8	5	5	-	-
Brian Bissaker	13	11	9	8	-	-	5	4
Karen Orvad	2	2	1	1	-	-	2	2
Richard Brandweiner	11	10	7	7	-	-	-	-
Kate Greenhill	5	5	4	4	-	-	2	2

	Product Disclosure Committee		Investment Committee	
	Eligible	Attended	Eligible	Attended
Steve Gibbs	4	4	-	-
Julie Orr	-	-	11	11
Sandra McCullagh	-	-	11	11
Sean Henaghan#	-	-	11	9
Steve Rankine#	-	-	3	2
Michael Anderson#	-	-	11	10
Ludovic Theau	-	-	6	6
Richard Brandweiner	-	-	8	7
Kate Greenhill	4	4	-	-

Sean Henaghan, Steve Rankine and Michael Anderson were independent Investment Committee members during all or part of FY26. They are not AEI Board directors.

Indemnity and insurance of officers

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith. During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Remuneration Report

Information on remuneration for Key Management Personnel (KMP) is contained in the Remuneration Report, which forms part of the Directors' Report.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 32 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in Note 32 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of KPMG

The following person was officer of the Company during the financial year and was previously a partner of the current audit firm, KPMG, at a time when KPMG undertook an audit of the Group:

- Karen Orvad – Partner at KPMG from 2015 to 2018.

The Board has considered Karen's prior role as a partner of the Company's external auditor. The Board considers this does not compromise the Director's independence given that they were not involved in the Company's external audit engagement, they retired from the KPMG partnership in 2018 and there is no ongoing relationship.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2026/183, issued by the Australian Securities and Investments Commission, relating to Rounding in Financial/Directors' Reports. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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.

Auditor

KPMG continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

JOHN MCMURDO
Managing Director and Chief Executive Officer

24 August 2026
Sydney

Remuneration Report

For the year ended 30 June 2026

Dear Shareholder,

On behalf of the Board of Directors, I am pleased to present our remuneration report for the 2026 financial year (FY26).

The remuneration report provides our shareholders and other stakeholders with a thorough and transparent outline of our remuneration framework and the philosophies behind the remuneration arrangements and other employee benefits. It specifically focuses on the remuneration outcomes of Non-Executive Directors, the Chief Executive Officer (CEO) and senior executives, collectively referred to as Key Management Personnel (KMP), and how they align with the longer-term interests of our shareholders, customers and other stakeholders.

A strong year for Australian Ethical

Australian Ethical delivered strong financial performance in FY26 with underlying profit after tax of $27.3 million and net profit after tax attributable to shareholders of $25.7 million, up 15% and 29% respectively on the prior year. We are particularly pleased with these results given the challenging operating environment.

During the year, positive organic net flows were maintained, ending FY26 with FUM at $14.5 billion, representing an increase of 4% compared to FY25. FUM growth was driven by continued positive organic net flows of $0.66 billion, and positive investment performance of $0.19 billion amid challenging market conditions, including heightened geopolitical uncertainty in the Middle East, inflationary pressures and rising interest rates.

We continue to deliver long-term value creation for shareholders, reporting a 3 year Total Shareholder Return ("TSR") of 37.5%, with FY26 total dividends up 29% on prior year to 18 cents per share, whilst continuing to maintain a strong balance sheet.

Our momentum and growth has not only seen us delivering higher profits and dividends but also further improvements to our operating leverage with underlying cost to income (CTI) ratio[1] improving further from 71.4% in FY25 to 69.8% in FY26, as our business scales. Over the past four years, the CTI has decreased significantly from 79.1% to 69.8%.

FY26 built on the substantial progress made in FY25 in advancing our strategy. During the year, we delivered a range of key initiatives that further strengthened our business platform, broadened our channel reach, deepened customer value and increased operating leverage. These initiatives included:

- completing the harmonisation of our insurance offering
- transitioning to a single super administration platform
- expanding our private markets and impact product offering
- advancing the implementation of the Charles River investment platform
- expanding our values-aligned middle market channel, with key new client wins

Collectively, this portfolio of work has positioned the business with a more efficient and scalable operating model, while building momentum beyond our core superannuation offering. We continued to be recognised as a leader in sustainable investing, receiving multiple industry awards and other recognition during the year. Alongside these achievements, we continued to strengthen our governance frameworks and systems, reinforcing our risk management and oversight capabilities, and deepening our leadership capability through key executive appointments. A recent focus has been addressing the APRA-imposed licence conditions. EY's independent review highlighted further governance enhancements that the Trustee will undertake in FY27.

1 Underlying cost to income ratio is calculated as: total expenses excluding UPAT adjusted expenses, excluding the net profit/loss attributable to the Foundation and excluding tax, divided by total revenue excluding UPAT adjusted revenue.

Strong employee engagement, enhanced wellbeing initiatives and continued leadership capability development have reinforced our purpose-driven, high-performing culture and supported our ability to deliver sustainable growth.

And importantly, our financial success also benefits the community – for FY26, we will contribute a record $3.4 million to the Australian Ethical Foundation, which will allow the Foundation to continue its philanthropic work focused on delivering positive impact.

I am proud of Australian Ethical's significant achievements in FY26 right across our business, particularly in the light of the challenging business environment in which we are operating.

I am confident that we head into FY27 with an even stronger, more resilient business platform, well positioned for the opportunities and challenges ahead of us. Our strong results are enabled through the significant contribution and commitment of our employees, with their high levels of engagement being a testament to the shared purpose that underpins the resilience of our business.

Annual General Meeting

At the 2025 Annual General Meeting, the Company's remuneration report received a 'yes' vote of 96.35% cast on the resolution that the remuneration report be adopted.

Remuneration changes

The Board continues to review the remuneration arrangements for Executive KMP. There were no significant changes to the remuneration framework in the FY26 year.

Governance

The Board & its People & Remuneration Committee (PRC) continually review and refine the Company's governance arrangements.

The PRC was formed on 1 July 2025 by separating the previous People, Remuneration & Nominations Committee (PRN) into two separate committees being the People & Remuneration Committee and the Nominations Committee.

During FY26, Australian Ethical continued to progress its Board renewal program. This included the retirement of long-tenured non-executive director, Kate Greenhill in October 2025, following her significant contribution over more than a decade of service, and the appointment of Karen Orvad in March 2026. During the period, the Board also saw the departure of Richard Brandweiner.

During FY26, we also amended the composition of the PRC and I became the Chair of the PRC from 1 June 2026. Steve Gibbs, the previous Chair, remains on the PRC together with Karen Orvad. Julie Orr was appointed the new Chair of the Audit, Risk and Compliance Committee, following the departure of Kate Greenhill.

These changes form part of an ongoing, phased approach to Board renewal to ensure improved governance and an appropriate balance of skills, experience and independence to support the Company's next phase of growth.

Remuneration philosophy and framework

Our remuneration policy aligns to the philosophy of the Company that sees our people as key stakeholders in the Company's success. Our remuneration framework aims to reward our management and employees fairly and competitively. Further, our framework aims to provide a direct link between contribution and reward and alignment with the long-term performance of the Company, and in turn, long-term value creation for shareholders.

Each year, the Board and its PRC review the remuneration framework and have oversight of remuneration arrangements for all employees, setting company key performance objectives to align employee performance and behaviour with remuneration outcomes.

All elements of our remuneration framework seek to drive our growth aspirations which will amplify our impact and realise our purpose of better outcomes for all stakeholders, including people, planet and animals.

Other than the reporting changes disclosed above no significant changes are contemplated for FY27.

FY26 variable remuneration outcomes

The PRC and the Board spend considerable time each year evaluating the contributions and performance of the company, CEO and other Executive KMP to arrive at the variable incentive outcomes for each Executive KMP, measuring achievements against the Balanced Scorecard and individual objectives. Objectives combine both financial and non-financial business and customer outcomes whilst ensuring an appropriate risk culture is maintained. All employees, including Executive KMPs, have objectives underpinned by the company's core values, whilst also incentivising ethical behaviour and positive customer outcomes.

FY26 was a successful year as outlined above.

Reflecting on Australian Ethical's business performance, outcomes for FY26 include:

- CEO's STI at 69% of maximum opportunity
- STI's for other Executive KMP range from 40% to 85% of maximum opportunity
- The agreed hurdle for achievement of ESP, 3-year EPS CAGR of 10% based on 'Adjusted NPAT pre performance fee' has been materially exceeded, resulting in the vesting of the 2023 ESP tranche for all relevant employees

No ELTI vested in FY26 (see section 4.5).

Looking forward

We annually review our remuneration framework to ensure it remains contemporary and is aligned with the Company's strategy and industry trends, whilst remaining focused on current and upcoming regulatory changes.

We are committed to ensuring our remuneration arrangements remain fair to all stakeholders and are effective in attracting and retaining talented people who are motivated, professional and contribute positively to Australian Ethical's growth aspirations.

BRIAN BISSAKER

Chair
People & Remuneration Committee

1. Key Management Personnel

Name	Position	Term as KMP in FY26
Executive Key Management Personnel (KMP)		
John McMurdo	Managing Director & CEO	Full year
Maria Loyez	Group Executive, Superannuation	Full year
Mark Simons	Chief Financial Officer	Full year
Ludovic Theau	Chief Investment Officer & Group Executive, Asset Management	Full year
Non-Executive Directors		
Steve Gibbs	Non-Executive Chair	Full year
Julie Orr	Non-Executive Director	Full year
Sandra McCullagh	Non-Executive Director	Full year
Brian Bissaker	Non-Executive Director	Full year
Karen Orvad	Non-Executive Director	From 11 March 2026
Katherine Greenhill	Non-Executive Director	1 July 2025 to 31 October 2025
Richard Brandweiner	Non-Executive Director	1 July 2025 to 4 May 2026

The Board determined that the Executive KMP's effective 1 July 2025 are the Chief Executive Officer, Chief Financial Officer, Group Executive Superannuation and Group Executive Asset Management.

2. Our people

AE People Plan

Success in achieving our strategic goals is largely contingent on the quality and performance of our people and the health of our organisation's culture. Our People Plan (people and culture strategy) is focused on delivering people and culture solutions to enable our people to achieve their potential and do the most rewarding work of their careers so that we can become a global role model in responsible investing.

The AE People Plan focus areas are:

- **Diversity, Equity, Inclusion & Belonging ("DEIB")** to foster a DEIB led organisation to enable better performance
- **Talent and Capability** to secure talent and capability now and for the future
- **Performance and Reward** to motivate and reward our people to achieve the best possible outcomes for our stakeholder groups
- **Culture and Employee Experience** to bring to life our 'Purpose Driven and High Performing' culture

In FY26 we continued investing in our people and our purpose driven and high performing culture.

FY26 achievements

Key People Plan initiatives and achievements are outlined below.

Diversity Equity & Inclusion

- Maintained our gender diversity
  - Board – 50% female, 50% male
  - Executive – 45% female, 55% male
  - Investment & Ethics Team – 46% female, 54% male
  - Organisation – 48% female, 52% male
- Pleasingly our gender pay gap in average total remuneration improved slightly from 12.1% to 11.7%.
- Introduced new inclusive paid leave types:
  - Gender Affirmation Leave: for related medical procedures, reaffirming our commitment to inclusion, supporting employees' wellbeing through this affirmation process.
  - Reproductive Leave: when unable to work due to significant symptoms related to reproductive health such as menstruation, perimenopause or menopause. Employees can also access this leave for fertility related needs such as IVF treatment, vasectomy, etc.

Talent & Capability

- Established and embedded the Senior Leaders Group cohort to drive strategy execution and cross functional alignment and continued the People Leader Forum program focused on leadership capability uplift.
- Delivered organisational wide uplift in AI literacy, innovation mindset, and practical application through our annual AEx Week
- Continued to invest in talent and capability with a number of key new senior hires during the year.

Performance & Reward

- Strengthened our performance management system with refreshed performance ratings co-designed with leaders.
- Introduced a formal promotions framework and governance to ensure greater fairness and transparency, reinforce performance and accountability, and create a more positive and consistent employee experience.
- Designed and implemented a Sales Incentive Plan (SIP) to better align sales performance with our business objectives and strategy, ensure market competitiveness, and support sustainable growth.

Culture & Employee Experience

- Achieved a Financial Services first quartile engagement score of 77%*, up from 76% in FY25 and 1% above the Financial Services top quartile threshold of 76%.
- Embedded sustainable meeting practices across the organisation to improve meeting effectiveness and performance outcomes and reduce time waste.
- Adopted a human-centric approach to our AI strategy implementation, including co-designing our AI principles, to enable adoption, and accelerate impact, foster resilience, and build long-term capabilities.
- Transitioned to an enhanced EAP provider (Sonder) with improved analytics and proactive support enabled by a comprehensive app-based platform offering a wide range of features.

3. Remuneration philosophy and structure

3.1 Remuneration guiding principles

Australian Ethical's remuneration approach is designed to facilitate the attraction, retention and engagement of talent, within the organisation's capacity to pay, to achieve Australian Ethical's corporate objectives and purpose of Investing for a Better World.

Our remuneration approach is guided by the following principles:

- Pay fairly and equitably, and market competitively, to attract and retain talented people,
- Align and balance the interests of clients, shareholders, and employees,
- Recognise and differentiate for contribution to the Group's performance,
- Promote our values, behaviours, risk and conduct expectations,
- Be simple to administer and to communicate to stakeholders,
- Adhere to all applicable legislation and regulations, and
- Support the long-term financial stability of AEI Group.

Australian Ethical's remuneration philosophy is consistent with the principles of the Australian Ethical Constitution and Charter contained in the AEI and AES Constitutions. It is designed to:

- ensure that the Group facilitates "the development of workers' participation in the ownership and control of their work organisations and places" – Charter element (a)
- not "exploit people through the payment of low wages or the provision of poor working conditions" – Charter element (ix)
- not "discriminate by way of race, religion or gender in employment, marketing, or advertising practices" – Charter element (x)

The Board, before declaring any dividend, is required by the Company's Constitution to provide a bonus or incentive for employees of up to 30% of what the profit for that year would have been had not the bonus or incentive payment been deducted.

* First quartile for Financial Services Australia. See: cultureamp.com/science/insights/financial-services-australia

3.2 Elements of remuneration

The following framework applied to employees and KMPs of Australian Ethical Investment Limited (not including Non-Executive Directors and Investment Committee members) for the financial year ended 30 June 2026, as indicated in the table.

There were no significant changes to the remuneration framework in the FY26 year.

Element	Description	Detail	Paid as
Fixed Remuneration (FR)	Comprises base salary, superannuation, packaged employee benefits and associated fringe benefits tax.	• Reviewed annually, or on promotion. • Benchmarked against market data[2] for comparable roles based on position, skills and experience brought to the role. • Target remuneration is based around the median of the relevant comparator group for each job role, taking into consideration companies in a similar industry and of a similar size.	Cash and superannuation
Short Term Incentive (STI)	An annual incentive aimed at motivating and rewarding employees for achievement of annual performance objectives. A risk modifier applies where non-compliance with risk and values expectations.	• Actual outcome is linked to performance against individual KPIs and contribution against annual financial and non-financial metrics in the Board approved Balanced Scorecard. Maximum achievable for Executive KMPs is two times the target incentive, based on a percentage of Fixed Remuneration. • For Executive KMPs (except CEO and CIO), STI in any given year that exceeds $150,000 will typically be deferred for up to 4 years, is not subject to further hurdles and is paid in shares. The CEO and CIO have additional deferral components within their remuneration. • Short term incentives are treated as follows in the following circumstances: – resignation – usually forfeited, subject to Board discretion; – termination for serious misconduct – forfeited; – retirement – at discretion of the Board; – death or total and permanent disablement – at discretion of the Board; and – redundancy – at discretion of the Board.	Cash and deferred shares

2 Benchmarked to data provided by the Financial Institutions Remuneration Group Inc (FIRG). FIRG is a peer group provider of remuneration and benefits data in the financial services industry.

Element	Description	Detail	Paid as
Employee Share Plan (ESP)	Aimed at enabling employees to share in the ownership of the company, in keeping with our Constitution and Ethical Charter. Aligns employee performance and behaviour with the long-term success of the Company. The ESP also supports the retention of employees. Applies to all employees who have satisfied the risk and values gate. Does not apply to Executive KMPs for grants after 1 July 2024.	• Awarded as percentage of Fixed Remuneration (10%). • Shares are issued or purchased and held in trust for 3 years. • Vest in the name of the employee after 3 years, provided that: – employee remains employed; and – subject to 3-year compound annual growth in diluted earnings per Share (EPS) as follows: • 0 – 5% – nil vests • 5% – 10% – pro rata up to 100% • > 10% – fully vests. • The Board applies an 'Adjusted NPAT pre performance fee' for the purpose of calculating the 3-year EPS CAGR achievement. Adjustments are agreed in advance by the Board as part of the annual budget setting process, for strategic development initiatives e.g. M&A, transformational initiatives that impact short term NPAT, but are highly advantageous to medium term shareholder value accretion. • Employees participate in dividends and have voting rights from the date of grant. • On cessation of employment, no unvested shares shall vest unless the Board in its absolute discretion determines otherwise.	Shares
Executive Long-Term Incentive (ELTI)	Designed to align Executive KMPs and key executives to the business strategy. The ELTI includes specific KPIs reflecting strategic targets to drive long-term shareholder value creation, encourage the achievement of AEI's long-term strategic goals, and to support the retention of key senior talent.	Awarded as percentage of Fixed Remuneration, ranging from 10% to 75% for selected senior executives. Issued as performance rights and vest as ordinary shares after 4 years, provided that: • Employee remains employed; and • Stretching financial and non-financial performance hurdles are achieved. Refer to section 4.7.1 for the specific performance hurdles relating to each grant. During the vesting period, ELTI participants are not entitled to receive dividends nor hold voting rights. On cessation of employment, all performance rights are forfeited unless the Board in its absolute discretion determines otherwise. Shareholder approval was obtained for the CEO's FY26 Long-Term Incentive grant (equity rights) under the ELTI.	Performance Rights

Malus and clawback provisions that apply to these employee remuneration arrangements are described in section 6.2 and 6.3.

3.3 FY27 Changes and considerations

There are no material changes to compensation structures anticipated in FY27.

A new FY27 ELTI grant with a vest date of 1 September 2030 is being considered which is expected to be based on a similar percentage of fixed remuneration for KMPs as in FY26. The performance hurdles for this grant are yet to be determined. Shareholder approval will be sought for the CEO's Long-Term Incentive grant (equity rights) under the ELTI.

4. Executive KMP remuneration outcomes for FY26

4.1 Corporate performance

In considering the Company's short-term and other incentive payments, regard is had to the following measures which reflect Australian Ethical's performance across a range of metrics over the last five years:

	2022	2023	2024	2025	2026	2026 % change
FUM at year end ($ billion)	6.20	9.20	10.44	13.94	14.50	4%
Organic net flows ($ billion)	0.94	0.47	0.61	0.59	0.66	12%
M&A net flows ($ billion)*	–	1.93	–	1.93	(0.25)	–
Operating Revenues ($'000)	70,784	81,096	100,491	119,384	129,546	9%
Performance fees ($'000) included above	375	–	187	–	–	–
Underlying Profit After Tax (UPAT) ($'000) ^	10,284	11,789	18,519	23,802	27,348	15%
Net Profit After Tax attributable to shareholders ($'000)	9,597	6,576	11,847	19,938	25,738	29%
Underlying Cost To Income (CTI) ratio**	79.2%	79.1%	73.7%	71.4%	69.8%	-2%
Adjusted NPAT (pre performance fee)^	10,043	9,189	16,281	23,802	27,348	15%
Diluted Earnings Per Share attributable to shareholders (cents per share)	8.55	5.84	10.51	17.51	22.48	28%
Diluted EPS growth (based on Adjusted NPAT pre performance fees) (3 years)	19.1%	8.4%	20.2%	32.7%	43.1%	32%
Dividends (cents per share)	6	7	9	14	18	29%
Staff engagement scores	79%	80%	79%	76%	77%	1%

^ Underlying Profit After Tax and 'Adjusted NPAT pre performance fee' are non-IFRS measures and are not audited albeit reconciled to the audited statutory profit.

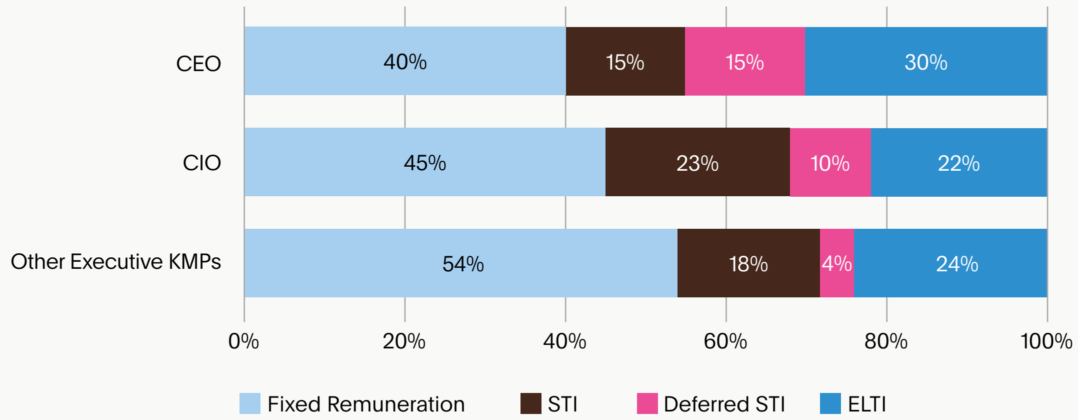
* Altius FUM at acquisition in September 2024 was $1.93 billion & Christian Super successor fund transfer in FY23 was $1.93 billion. These M&A inflows were partially offset by the previously disclosed $0.25 billion redemption of the Australian Unity Bank mandate following the sale of its banking business to Bank Australia during FY26.

** Underlying Cost to Income ratio excludes integration and transformation costs, due diligence & transaction costs, amortisation of Altius intangibles and the results of the Foundation.

4.2 Weighting of remuneration components

The following are the weightings of the various components of target remuneration for the CEO, CIO and all other Executive KMP. Target remuneration is the remuneration that KMP expect to be paid if all of their strategic initiatives are achieved. Changes have been made to the CEO remuneration to reflect a lower weighting to fixed remuneration and short term incentives with an increased weighting to long term incentives to ensure greater alignment with long term shareholder value creation.

Target remuneration by component



4.3 Short-Term incentive (STI) outcomes

4.3.1 Performance measures for short term incentives

Performance measures for Short-Term Incentives (STI) are based on a Balanced Scorecard of financial and non-financial metrics and an individual's specific performance objectives. Employees have no contractual right to receive an STI award and the Board retains discretion to amend or withdraw the STI at any time. Adherence to the Company's values and risk culture are required to remain eligible for an STI award. The following table provides the overall Balanced Scorecard and the performance outcomes for these objectives for the financial year ended 30 June 2026. The following outcomes have been taken into account when assessing short term incentives for Executive KMPs.

Note that Australian Ethical allocates a material weight to non-financial measures in accordance with the requirements of APRA's Prudential Standard *CPS 511: Remuneration*.

Measure	Weight	Target	Weighted Outcome	Why this metric is appropriate	Achievement comments
Financial	50%	UPAT $26.6m	Not met Met Exceeded	UPAT & NPAT targets provide alignment to the Group's financial performance. The targets set reflect further strategic investment in the business to drive a scalable operating platform and continued growth. $26.6m UPAT target represents a 12% increase on FY25 actual.	Operating revenue increased 9% to $129.5m. Combined with disciplined cost control, significant uplifts in both UPAT and NPAT were achieved in FY26. As a result: • UPAT increased 15% to $27.3m in FY26 • NPAT increased 29% to $25.7m in FY26
		NPAT $25.3m	Not met Met Exceeded		
		Underlying cost to income ratio <70.5%	Not met Met Exceeded	Metric reflects goal of achieving improved operating leverage as the business scales	Underlying cost to income ratio of 69.8% better than target by 0.7ppts, with a material improvement on FY25.
		$870m organic net flows	Not met Met Exceeded	Growth and scale will benefit our customers through lower fees and better products and service. It also allows us to deliver greater social and environmental impact.	Organic net flows of $664m were 12% up YoY, despite challenging economic conditions and cost of living pressures. A highlight was the launch of Growth Opportunities Fund.
Business Transformation	20%	Delivery of key transformational projects: 1. Completion of super administration consolidation (MUFG cohort) to GROW. 2. Completion of Investment Management platform uplift. 3. Evaluate and develop strategy to deliver international active capability/ offering. 4. Enhance Super member digital experience with development of roadmap and design for Super App. Build commenced with Stage 1 completion scheduled Dec 2026. 5. Plan for transformation and modernisation of our constitution, corporate structure, governance and oversight to ASX 200 readiness in preparation for 2026 AGM.	Not met Met Exceeded	Delivery of key transformation strategic initiatives is critical to underpin the growth strategy, which will deliver improved shareholder returns.	1. Delivered: Transition of MUFG cohort to GROW Inc completed in FY26 with unit cost savings realised. 2. Substantially delivered: Project implemented for fixed income, mandates and equities. Multi-Assets expected to be completed early in FY27. 3. Delivered: International strategy was endorsed by the Board in June 2026 and expected to be implemented in FY27. 4. On target: Build commenced with Stage 1 completion scheduled early 2027. 5. Delivered: Project is in progress & achieving all milestones.

Measure	Weight	Target	Weighted Outcome	Why this metric is appropriate	Achievement comments
Reputation & Customer experience	10%	Responsible Investment Leadership recognition • RIAA RI leader	Not met / Met / Exceeded	Provides an evidence point for our strategy of becoming a powerful influence in ethical investing. Supports our brand strength and growth in customer numbers.	AE re-confirmed as a RIAA RI leader
		Compelling adviser experience • Adviser satisfaction of AE > 75%	Not met / Met / Exceeded	Adviser satisfaction drives improved customer and business outcomes, improved reputation and underpins long term growth and shareholder returns. Measured by Core Data Adviser Pulse Survey.	Adviser satisfaction at a high-level of 64% but slightly below the stretching target.
		Compelling customer experience • Superannuation Customers NPS top 10	Not met / Met / Exceeded	Customer satisfaction with product and service drives improved customer and business outcomes, improved reputation and underpins long term growth and shareholder returns.	3rd highest NPS*. As measured and externally benchmarked by Investment Trends between February and April 2026 and published in May 2026. Named Superannuation Fund of the Year*** Received the People's Choice Award in Finder's Green Innovation category for our sustainably focused out-of-home advertising campaign.
People	10%	Employee engagement • Top Quartile Finance Australia	Not met / Met / Exceeded	Providing a motivating and inspiring workplace and high employee engagement has been proven to drive better business outcomes for customers and shareholders.	Employee engagement score of 77% was 1% above the Financial Services top quartile threshold of 76%**.

* Investment Trends Super Member Engagement Report 2026. Independent research with 17 major super funds
** Top quartile for Financial Services Australia. See: cultureamp.com/science/insights/financial-services-australia
*** Roy Morgan Customer Satisfaction Annual Awards 2025

Measure	Weight	Target		Weighted Outcome	Why this metric is appropriate	Achievement comments
Investment Performance*	10%	MF Australian Share Fund exceeds benchmark for 2/3 of time horizons	1 year	Not met	Delivering long term competitive investment returns for our customers is core to our offering. It underpins growth in net flows, FUM and revenue which in turn enhances shareholder returns.	Heightened geopolitical uncertainty, inflationary pressures and rising interest rates affected a number of growth-oriented sectors, including information technology, healthcare and emerging companies, where we hold overweight positions. However, we delivered strong performance across fixed income and private markets portfolios. The target was met by the Green & Sustainable Bond Fund and the Growth Opportunities Fund but not met by the other three specified funds.
			3 year	Not met		
			5 year	Not met		
		MF Emerging Companies Fund achieves benchmark for 2/3 of time horizons	1 year	Not met		
			3 year	Not met		
			5 year	Not met		
		MF Green & Sustainable Bond Fund achieves benchmark for 2/3 of time horizons	1 year	Exceeded		
			3 year	Exceeded		
			5 year	Exceeded		
		MF Growth Opportunities Fund achieves benchmark (10%) over 1 year	1 year	Exceeded		
		MF Balanced Fund achieves benchmark for 2/3 of time horizons	1 year	Not met		
			3 year	Not met		
			5 year	Not met		
		Superfund - Balanced Accum option v peers- achieve 2nd quartile for 2/3 of time horizons	1 year	Not met		The three time horizons target was not met. Source: June 2026 SuperRatings SR50 Balanced (60-76) ranking.
			5 year	Not met		
			10 year	Not met		

* Investment performance is calculated net of management fees.

Important note: Australian Ethical allocates a material weight to non-financial measures in accordance with the requirements of APRA's Prudential Standard CPS 511: Remuneration

Short-Term incentive modifier

The Board recognises that the Balanced Scorecard outcome needs to be assessed in combination with other factors in order to make effective reward decisions.

As such, an overall risk assessment is applied to the scorecard outcome, through assessment of the following factors:

- Risk appetite compliance
- Embedded risk culture as evidenced by: managing incidents and risks out of tolerance back into tolerance; lack of significant regulatory issues; training compliance; behaviours demonstrating AE acting in the best interests of customers

Measurement is made via a combination of factual and subjective assessment and if triggered, the impact has a modifier impact on overall STI allocation for all staff including the KMP. The modifier can vary between zero and 100%, and therefore acts as a gateway and a downwards adjustment mechanism.

The Audit, Risk & Compliance Committee, in consultation with the Chief Risk Officer, and supported by the Board has determined that no risk matters have been identified which would justify the application of a modifier. The Board has determined that no downward modifier is applicable for 2026 STI outcomes for Executive KMPs. When forming this view appropriate consideration was given to the licence conditions imposed by APRA during FY26 which were included in the underlying short-term incentive assessment.

Short-Term incentive assessment

The CEO's performance is assessed on the Company Balanced Scorecard and a number of equally weighted strategic initiatives such as:

- Leadership and team development,
- Strategy development and execution,
- Brand and reputation,
- Strategic partnerships including mergers and acquisitions.

The PRC considered the Executive KMP's STI awards in light of the Balanced Scorecard achievements, and each individual's contribution to the results and approved or, in the case of the CEO, recommended to the Board, each Executive KMP STI award, as reflected in the statutory table in section 4.6. In addition to the Balanced Scorecard, each Executive KMP is also assessed on a range of individual objectives relevant to their role and responsibilities. The awards reflect recognition of the performance of each Executive KMP, their team and the achievement of strategic initiatives.

4.3.2 Short-Term incentives awarded

The below table shows for each Executive KMP how much of their STI was awarded, in relation to the maximum incentive pay they were entitled to. The CEO STI is subject to Board approval following a recommendation from the PRC. The other Executive KMP STI are subject to PRC approval following a recommendation from the CEO and all other employee STI are approved by the CEO. In all instances, the minimum is 0%.

Total STI Bonus (Cash and Deferred Shares)

Name	Opportunity as a % of Fixed Remuneration		Target Opportunity	Maximum Opportunity (2 x Target)	Awarded	Achieved as % of Maximum Opportunity[1]
	Target %	Max %	$	$	$	%
J McMurdo	75%	150%	495,000	990,000	687,360	69%
M Loyez	40%	80%	172,000	344,000	270,000	78%
M Simons	40%	80%	191,200	382,400	325,000	85%
L Theau	75%	150%	401,250	802,500	325,000	40%

1 Forfeiture %, in accordance with Corporations Regulation 2001 – Reg 2M.3.03 clause 12(f), is calculated as 100% less the Achieved %

4.4 Employee share plan (ESP)

The ESP is currently awarded at 10% of fixed remuneration to all eligible staff (excludes Executive KMP from 1 July 2024). It serves the intent of the Australian Ethical Charter, and Company Constitution which seeks to enable all employees to share in ownership of the company and encourage behaviours and achievement consistent with the long-term success of the Company.

The ESP vesting outcome is determined against a pre-approved metric, being 'Adjusted NPAT pre performance fee'.

Adjusted NPAT pre performance fee of $27.3 million was achieved in FY26, which reflects 3 year EPS cumulative average growth rate (CAGR) of 43.1%, substantially above the 10% hurdle for 100% vesting of the ESP.

The items approved by the Board at the start of FY26 for adjustments to NPAT, for the purpose of calculating achievement of the targeted measures, reflect transformational strategic initiatives including risk and governance maturity uplift which required a short-term investment to drive attractive medium to long-term shareholder value creation. It is considered that these costs reflect Board approved investment decisions to underpin the growth strategy.

The below table outlines the Board pre approved adjustments for the calculation of 'Adjusted NPAT pre performance fee' as compared to statutory NPAT and UPAT for FY26.

Profit item	$m	Reason for adjustment
NPAT attributable to shareholders (pre performance fee)	25.7	Incentive payments relating to performance fees are allocated separately to select members of the Investment Team. Performance fees do not form part of this calculation.
Add: Superannuation administrator transition expenses, Altius transition expenses & corporate governance expenses	1.5	The superannuation administrator transition is a Board agreed transformational initiative to underpin the growth strategy, and encompasses the consolidation of administration providers. This initiative has started to deliver substantial savings to ongoing super administration expenses. The transition of the Altius business is a Board agreed initiative that delivers enhanced Fixed Income capability and scale. The corporate governance expenses relate to a Board agreed initiative to improve corporate governance arrangements across the Group including responding to license conditions imposed by APRA in November 2025.
Add: Amortisation of Altius intangibles	0.1	This acquisition-related accounting charge does not impact Australian Ethical's ongoing cash flows.
Adjusted NPAT pre performance fee	**27.3**	**Measure against which ESP vesting is assessed**
UPAT (pre performance fee)	27.3	

All adjustments are shown net of tax

4.5 Executive Long-Term Incentive (ELTI)

There were no Executive Long-Term Incentive awards vested or paid in FY26.

The second tranche of ELTI awards, which were granted in 2022, was assessed against the pre-determined performance hurdles at the end of FY26 and will not vest. The Board acknowledges that four of the five performance measures were met or materially exceeded, and the fifth (net inflows), while falling short of the stretching target, was at a very high (98%) achievement level.

Measure	Target	Outcome	Achievement
Net inflows	$6.05 billion (no more than 50% from M&A activity)	$5.94 billion (61% from M&A activity)	Not met. 98% of total target achieved with 82% of that achievement from organic growth or where no capital value payment or shareholder dilution applied.
CTI	75% or less	69.8%	Significantly better than target.
NPS for financial services companies in Australia	Median or higher	Above median (3rd for super)	Well above target.*
Employee Engagement Score	Median or higher	First quartile at 77%.	Well above median (in fact first quartile).
Continued compliance with aims of Ethical Charter	Compliant	Compliant	Achieved.

*Note: We can currently only track Super NPS where we were 3rd highest scoring NPS out of 17 super funds. Super represents over 70% of Australian Ethical business (by FUM).

Over the four-years there has been exceptional growth and improvement in all key financial measures and the Board commends management on that achievement. Note, more recent ELTI grants have explicit weightings and achievement scales for each measure to give greater visibility to stakeholders of the measurement and vesting criteria. The Board is considering further enhancements/clarification of measures for ELTI grants.

4.6 Executive KMP Remuneration Outcomes – statutory and cash and vesting basis

The following two tables set out Executive KMP remuneration.

- The table 'Executive KMP Remuneration Outcomes – Statutory Basis' is aligned to the way the Company expenses (accrues) the remuneration of the Executive KMP under the accounting standards and the Corporations Act.
- The table 'Executive KMP Remuneration Outcomes – Cash and Vesting Basis' shows amounts received by the Executive KMP in cash and shares vested during the financial year ended 30 June 2026.

The movement in the Executive KMP remuneration outcomes (statutory basis) between FY25 and FY26 is due to:

- Chief Executive Officer (CEO) – the total statutory remuneration increased compared to FY25. The increase is primarily due to higher ELTI – Rights expense in FY26 as the previous year included a write-back of expenses relating to rights granted in FY22 that did not vest.
- Chief Investment Officer (CIO) – the total statutory remuneration decreased by 2% relative to FY25 as lower cash STI in FY26 was partially offset by an increase in the cost of deferred STI and ELTI. The STI cash decreased in FY26 based on the investment performance outcomes for FY26 being below target as summarised in the balanced score card.
- Other Executive KMP – increases in individual salaries and STI opportunity in line with responsibilities and industry benchmarking to ensure reward remains competitive and fair. Bonuses vary from year to year based on STI % benchmarking, individual and company performance.
- Performance rights (ELTI) – FY26 ELTI expense relates to ELTI granted on 1 December 2023, 1 December 2024 and 1 December 2025 (refer to section 4.7.1). The FY25 ELTI expense was partially offset by the write-back of the rights granted on 1 December 2022 to reflect the low probability of those rights achieving the performance hurdles before 30 June 2026.

Executive KMP remuneration outcomes – statutory basis

The table below outlines Executive KMP remuneration as calculated in accordance with accounting standards and the Corporations Act 2001 requirements. The amounts shown are equal to the amount expensed (accrued) in the Company's financial statements for the particular year based on the Balanced Scorecard and other agreed KPIs. There were no non-monetary benefits.

	Short-Term Benefits		Post-Employment Benefits			Long-Term Benefits					
Name	Salary $	STI – Cash[1] $	Super-annuation $	Termination Benefits $	Long Service Leave $	Deferred STI – Equity[2] $	ESP – Equity[3] $	ELTI – Rights[4] $	Total $	STI as a % of Fixed Remuneration	Variable Rem as a % of Total Remuneration
2026 financial year											
Current Executive KMP											
J McMurdo[5]	616,079	343,680	30,000	–	15,683	323,758	18,400	250,809	1,598,409	103.3%	58.6%
M Loyez	397,308	150,000	30,000	–	(9,047)	79,167	13,333	113,870	774,631	53.6%	46.0%
M Simons	445,344	150,000	30,000	–	11,158	128,333	14,834	139,201	918,870	58.6%	47.1%
L Theau	502,052	227,500	30,000	–	9,859	87,852	20,778	156,233	1,034,274	59.3%	47.6%
Total 2026	**1,960,783**	**871,180**	**120,000**	**–**	**27,653**	**619,110**	**67,345**	**660,113**	**4,326,184**	**71.6%**	**51.3%**
2025 financial year											
J McMurdo[5]	540,732	335,000	29,932	–	14,222	302,256	35,900	53,204	1,311,246	111.7%	55.4%
M Loyez	380,368	130,000	29,932	–	11,161	22,500	25,999	21,158	621,118	37.2%	32.1%
M Simons	427,902	130,000	29,932	–	19,797	60,000	28,835	36,539	733,005	41.5%	34.8%
L Theau	463,917	350,000	29,932	–	11,053	63,477	20,778	118,790	1,057,947	83.7%	52.3%
K Hughes	303,645	88,000	29,932	–	14,163	–	21,333	22,062	479,135	26.4%	27.4%
Total 2025	**2,116,564**	**1,033,000**	**149,660**	**–**	**70,396**	**448,233**	**132,845**	**251,753**	**4,202,451**	**65.4%**	**44.4%**

1 The Short-term Incentive ('STI') expense is the amount accrued for performance during the respective financial year using agreed KPI's. The governance process for STI is described in section 6.2. STI in excess of $150,000 is typically paid in deferred shares (with exception of the CEO and CIO who have additional deferral requirements).
2 The Deferred Short-term incentive ('DSTI') expense for 2026 includes the current year expense impact of deferred shares in the FY23, FY24, FY25 and FY26 grants. The cost of shares is fixed at the time of grant and expensed on a straight-line basis over the vesting period which ranges from 1 to 4 years.
3 The ESP Equity expense for 2026 includes the relevant 2026 expense impact of the FY24 grant under the Employee Share Plan. The cost of shares is fixed at time of the grant and expensed over a three-year period using an annual probability assessment of the hurdles being met at the end of the vesting period. The FY24 tranche will vest at an individual level in September 2026. There was no FY25 or FY26 grant to KMP.
4 The ELTI rights expense includes the current year expense impact of the Executive LTI (ELTI) granted in FY24, FY25 and FY26.
5 The CEO was awarded 69% (2025: 78%) of his maximum STI incentive by the Board. The maximum incentive is 2 times his target STI at 30 June 2026. 50% of this award is paid in cash and the remaining 50% is paid in deferred shares over each of the next 3 years (subject to any additional deferral over 4 years to align with FAR), with first shares vesting in September 2027.

Executive KMP remuneration outcomes – cash and vesting basis (non-IFRS, audited)

The table below reflects actual benefits received by each Executive KMP during the reporting period including prior year bonus paid in cash in the current year and the value of shares vested under the employee share plans.

	Short-Term Benefits			Post-Employment Benefits		Long-Term Benefits				
Name	Salary[1] $	Cash Bonus $	Equity $	Super-annuation[1] $	Termination Benefits $	Long Service Leave $	ESP – Equity[2, 3] $	ELTI – Rights[4] $	Total $	Performance related $
2026 financial year										
Current Executive KMP										
J McMurdo	637,154	343,680	469,141	30,000	–	15,683	76,244	–	1,571,902	26.7%
M Loyez	399,863	150,000	–	30,000	–	(9,047)	55,185	–	626,001	32.8%
M Simons	449,821	150,000	33,950	30,000	–	11,158	61,001	–	735,930	28.7%
L Theau	512,421	227,500	–	30,000	–	9,859	–	–	779,780	29.2%
Total 2026	**1,999,259**	**871,180**	**503,091**	**120,000**	**–**	**27,653**	**192,430**	**–**	**3,713,613**	**28.6%**
2025 financial year										
J McMurdo	559,417	335,000	186,589	29,932	–	14,222	20,619	–	1,145,779	31.0%
M Loyez	382,130	130,000	–	29,932	–	11,161	14,844	–	568,067	25.5%
M Simons	430,343	130,000	84,058	29,932	–	19,797	16,496	–	710,626	20.6%
L Theau	468,357	350,000	–	29,932	–	11,053	–	–	859,342	40.7%
K Hughes	305,090	88,000	–	29,932	–	14,163	12,370	–	449,555	22.3%
Total 2025	**2,145,337**	**1,033,000**	**270,647**	**149,660**	**–**	**70,396**	**64,329**	**–**	**3,733,369**	**29.4%**

1 Fixed remuneration – includes base salary, payments made to superannuation funds and dividend income on unvested shares.
2 ESP – Equity 2026 represents the market value of vested shares during the financial year relating to employee share plan shares granted in September 2022. 100% of these shares vested as the performance criteria was fully achieved. The market value on the vesting date was $7.68 (price at grant was $5.29).
3 ESP – Equity 2025 represents the market value of vested shares during the financial year relating to employee share plan shares granted in September 2021. 100% of these shares vested as the performance criteria was fully achieved. The market value on the vesting date was $4.04 (price at grant was $9.80).
4 ELTI – Rights represents the market value of rights that vested during each financial year. No rights had vested as of 30 June 2026.

4.7 ELTI - performance rights

Rights to ordinary shares under the Executive LTI program are granted each year on 1 December. The number of performance rights allocated to each Executive KMP was determined as follows:

- Granted 2023: using an allocation price based on the 60-day variable weighted average price for the period 25 August to 16 November 2023.
- Granted 2024: using an allocation price based on the 20-day variable weighted average price for the period 4 September 2024 to 1 October 2024.
- Granted 2025: using an allocation price based on the 20-day variable weighted average price for the period 4 September 2025 to 1 October 2025.

On vesting, each right automatically converts into one ordinary share.

The fair value of the performance rights was determined based on the market price of the company's shares at the grant date, with adjustments including the forecast dividend yield forgone and the likelihood that the total shareholder return target is met.

	Allocation Price	Fair Value Price*
Granted 1 December 2023	$4.37	$4.49
Granted 1 December 2024	$4.25	$4.43
Granted 1 December 2025	$7.27	$4.69

* Fair Value Price is determined in accordance with accounting standards, 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. In addition to these adjustments, the Fair Value Price may be different to the Allocation Price due to share price movements between the dates when each price is calculated.

The table below shows the number of rights granted on 1 December 2023, 2024 and 2025 and the grant date fair value of those rights. The Board's assessment is that it is probable that the performance hurdles for these tranches will be achieved.

Granted 1 December 2023	Granted as % of Fixed Remuneration	No. of Rights Granted	Grant Date Fair Value of Rights
J McMurdo	50%	63,158	283,579
K Hughes	10%	7,437	33,392
M Loyez	40%	36,613	164,392
M Simons	40%	40,732	182,886
L Theau	40%	45,974	206,423

Granted 1 December 2024	Granted as % of Fixed Remuneration	No. of Rights Granted	Grant Date Fair Value of Rights
J McMurdo	75%	101,276	388,606
K Hughes	30%	23,647^	112,595
M Loyez	40%	38,776	184,631
M Simons	50%	54,118	257,682
L Theau	50%	60,588	288,488

^ These rights were forfeited by mutual agreement during FY26 following a change in responsibilities.

Granted 1 December 2025	Granted as % of Fixed Remuneration	No. of Rights Granted	Grant Date Fair Value of Rights
J McMurdo	75%	68,088	372,790
M Loyez	50%	29,574	125,397
M Simons	50%	32,875	139,393
L Theau	50%	36,795	156,014

4.7.1 ELTI Performance measures

The performance measures for the tranches granted in 2023, 2024 and 2025 are outlined below.

	Granted 1 December 2025	Granted 1 December 2024	Granted 1 December 2023
Performance measures	Financial measures: • 1/3 – net flows, over the 4-year vesting period of $4.2bn# • 1/3 – diluted earnings per share growth (hurdle 15%* CAGR, based on adjusted NPAT pre performance fees) • 1/3 – Total Shareholder Return (TSR) (hurdle of 10%** CAGR)	Financial measures: • 50% - net flows, including no more than 50% from M&A activity, over the 4-year vesting period of $6.0bn • 25% - diluted earnings per share growth (hurdle 15%* CAGR, based on adjusted NPAT pre performance fees) • 25% - Total Shareholder Return (TSR) (hurdle of 10%** CAGR)	Financial measures: • Net flows, including no more than 50% from M&A activity, over the 4-year vesting period of $6.05bn • Underlying cost to income ratio of no more than 75%***
	Non-financial measures^^^: • Achieve median NPS (Net Promoter Score) for Financial Services companies in Australia^ • Achieve median employee engagement score for financial services companies in Australia^^; and • Continued compliance with the aims of our Ethical Charter.	Non-financial measures^^^: • Achieve median NPS (Net Promoter Score) for Financial Services companies in Australia^ • Achieve median employee engagement score for financial services companies in Australia^^; and • Continued compliance with the aims of our Ethical Charter.	Non-financial measures: • Achieve median NPS for Financial Services companies in Australia^ • Achieve median employee engagement score for financial services companies in Australia^^; and • Continued compliance with the aims of our Ethical Charter.
Vesting period	Four years, ending 30 June 2029	Four years, ending 30 June 2028	Four years, ending 30 June 2027

For Net flows: Less than $3.4bn = 0% vesting. $3.4bn to $4.2bn = Straight-line vesting from 50% to 100%. $4.2bn or above CAGR = 100% vesting.
* CAGR is cumulative annual growth rate. For diluted earnings per share growth: Less than 10% CAGR = 0% vesting. 10% to 15% CAGR = Straight-line vesting from 50% to 100%. 15% or above CAGR = 100% vesting.
** For TSR: Less than 7% CAGR = 0% vesting. 7% to 10% CAGR = Straight-line vesting from 50% to 100%. 10% or above CAGR = 100% vesting.
*** Based on achievement of the underlying cost to income ratio for the year in which the rights vest.
^ Achievement of at least median NPS. This is the NPS score for super funds based on Investment Trends survey, or a comparable survey approved by the Board. NPS is to be monitored on an annual basis and KPI specifically references the results achieved in the financial year in which the rights vest.
^^ Achievement of at least median employee engagement score, based on Culture Amp Employee Engagement Survey based on employee responses to Say, Stay, Strive questions for the year in which the rights vest.
^^^ Moderator (Used as a downward moderator (only), applied by Board for non-compliance with any of the non-financial measures).

In implementing the ELTI opportunity, the Board was cognisant of the remuneration philosophy remaining consistent with the Ethical Charter and ensuring that the structure of the ELTI closely aligns the interests of Executive KMP with those of shareholders. The ELTI opportunity was designed to drive greater long-term business impact and purpose, with challenging stretch targets and longer vesting horizons and to reward those key to that success.

4.8 Unvested and ordinary shares

The movement during the reporting period in the number of unvested shares and ordinary shares in the Company, held directly, or beneficially, by each key management person, including their related parties is outlined in the table below.

Name	Grant Date	Vesting Date	Share Price at Grant Date	Balance at 1–Jul–25	Number of shares/rights granted	Number of shares/rights forfeited	Number of shares vested	Number of shares sold	Balance at 30–Jun–26
J McMurdo									
Unvested Deferred STI shares & ESP	1–Sep–22	1–Sep–25	5.29	27,646	–	–	(27,646)	–	–
Unvested Deferred STI shares	1–Sep–23	1–Sep–25	4.53	20,989	–	–	(20,989)	–	–
Unvested Deferred STI shares & ESP	1–Sep–23	1–Sep–26	4.53	33,185	–	–	–	–	33,185
Unvested Deferred STI shares	1–Sep–24	1–Sep–25	4.25	22,353	–	–	(22,353)	–	–
Unvested Deferred STI shares	1–Sep–24	1–Sep–26	4.25	22,353	–	–	–	–	22,353
Unvested Deferred STI shares	1–Sep–24	1–Sep–27	4.25	22,353	–	–	–	–	22,353
Unvested Deferred STI shares	1–Sep–25	1–Sep–26	7.27	–	15,360	–	–	–	15,360
Unvested Deferred STI shares	1–Sep–25	1–Sep–27	7.27	–	15,360	–	–	–	15,360
Unvested Deferred STI shares	1–Sep–25	1–Sep–28	7.27	–	14,019	–	–	–	14,019
Unvested Deferred STI shares	1–Sep–25	1–Sep–29	7.27	–	1,341	–	–	–	1,341
Ordinary shares				142,901	–	–	70,988	–	213,889
Unvested Performance rights	1–Dec–22	1–Sep–26	5.29	49,622	–	(49,622)	–	–	–
Unvested Performance rights	1–Dec–23	1–Sep–27	4.37	63,158	–	–	–	–	63,158
Unvested Performance rights	1–Dec–24	1–Sep–28	4.25	101,276	–	–	–	–	101,276
Unvested Performance rights	1–Dec–25	1–Sep–29	7.27	–	68,088	–	–	–	68,088
Total				**505,836**	**114,168**	**(49,622)**	**–**	**–**	**570,382**
K Hughes									
Unvested ESP shares	1–Sep–22	1–Sep–25	5.29	5,955	–	–	(5,955)	–	–
Unvested ESP shares	1–Sep–23	1–Sep–26	4.53	7,180	–	–	–	–	7,180
Unvested ESP shares	1–Sep–25	1–Sep–28	7.27	–	4,629	–	–	–	4,629
Ordinary shares				22,606	–	–	5,955	–	28,561
Unvested Performance rights	1–Dec–22	1–Sep–26	5.29	5,955	–	(5,955)	–	–	–
Unvested Performance rights	1–Dec–23	1–Sep–27	4.37	7,437	–	–	–	–	7,437
Unvested Performance rights	1–Dec–24	1–Sep–28	4.25	23,647	–	(23,647)	–	–	–
Total				**72,780**	**4,629**	**(29,602)**	**–**	**–**	**47,807**

Name	Grant Date	Vesting Date	Share Price at Grant Date	Balance at 1–Jul–25	Number of shares/rights granted	Number of shares/rights forfeited	Number of shares vested	Number of shares sold	Balance at 30–Jun–26
M Loyez									
Unvested ESP shares	1–Sep–22	1–Sep–25	5.29	7,183	–	–	(7,183)	–	–
Unvested ESP shares	1–Sep–23	1–Sep–26	4.53	8,837	–	–	–	–	8,837
Unvested Deferred STI shares	1–Sep–25	1–Sep–26	7.27	–	6,190	–	–	–	6,190
Ordinary shares				3,673	–	–	7,183	–	10,856
Unvested Performance rights	1–Dec–22	1–Sep–26	5.29	28,733	–	(28,733)	–	–	–
Unvested Performance rights	1–Dec–23	1–Sep–27	4.37	36,613	–	–	–	–	36,613
Unvested Performance rights	1–Dec–24	1–Sep–28	4.25	38,776	–	–	–	–	38,776
Unvested Performance rights	1–Dec–25	1–Sep–29	7.27	–	29,574	–	–	–	29,574
Total				**123,815**	**35,764**	**(28,733)**	**–**	**–**	**130,846**
M Simons									
Unvested ESP shares	1–Sep–22	1–Sep–25	5.29	7,940	–	–	(7,940)	–	–
Unvested ESP shares	1–Sep–23	1–Sep–26	4.53	9,832	–	–	–	–	9,832
Unvested Deferred STI shares	1–Sep–23	1–Sep–25	4.53	4,419	–	–	(4,419)	–	–
Unvested Deferred STI shares	1–Sep–25	1–Sep–26	7.27	–	11,004	–	–	–	11,004
Unvested Deferred STI shares	1–Sep–25	1–Sep–27	7.27	–	5,502	–	–	–	5,502
Ordinary shares				47,755	–	–	12,359	–	60,114
Unvested Performance rights	1–Dec–22	1–Sep–26	5.29	31,758	–	(31,758)	–	–	–
Unvested Performance rights	1–Dec–23	1–Sep–27	4.37	40,732	–	–	–	–	40,732
Unvested Performance rights	1–Dec–24	1–Sep–28	4.25	54,118	–	–	–	–	54,118
Unvested Performance rights	1–Dec–25	1–Sep–29	7.27	–	32,875	–	–	–	32,875
Total				**196,554**	**49,381**	**(31,758)**	**–**	**–**	**214,177**
L Theau									
Unvested ESP shares	1–Sep–23	1–Sep–26	4.53	13,772	–	–	–	–	13,772
Unvested Deferred STI shares	1–Sep–24	1–Sep–27	4.25	26,590	–	–	–	–	26,590
Unvested Deferred STI shares	1–Sep–25	1–Sep–28	7.27	–	14,374	–	–	–	14,374
Unvested Deferred STI shares	1–Sep–25	1–Sep–29	7.27	–	6,259	–	–	–	6,259
Unvested Performance rights	1–Dec–23	1–Sep–27	4.37	45,974	–	–	–	–	45,974
Unvested Performance rights	1–Dec–24	1–Sep–28	4.25	60,588	–	–	–	–	60,588
Unvested Performance rights	1–Dec–25	1–Sep–29	7.27	–	36,795	–	–	–	36,795
Total				**146,924**	**57,428**	**–**	**–**	**–**	**204,352**

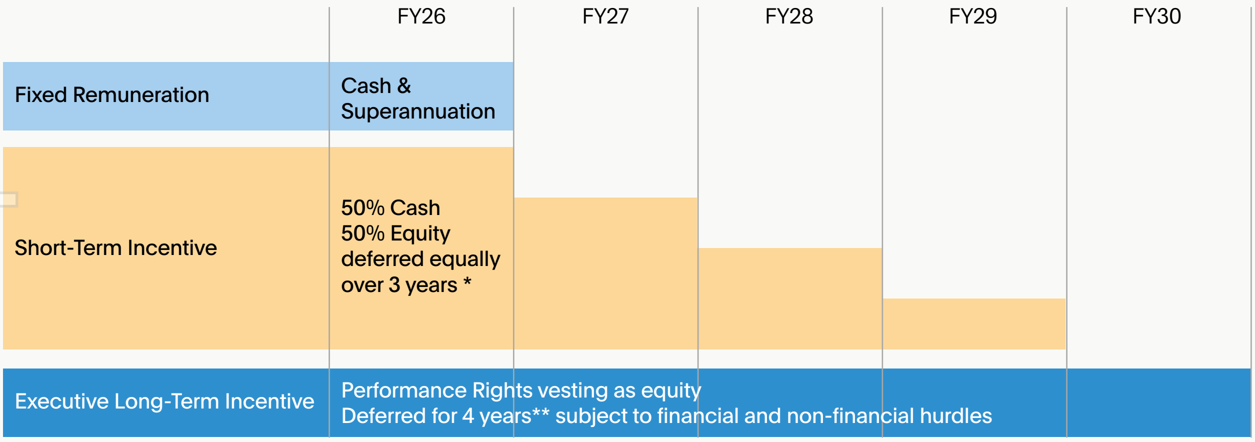
4.9 Contract terms

All Executive KMP's, except the Managing Director are permanent employees with a 12-week notice period.

The Managing Director & CEO remuneration structure is outlined below:

Salary	Term	Notice period	STI	ELTI	Malus Provision
Fixed salary is $660,000 since 1 September 2025 (inclusive of superannuation).	No fixed term	6 months however, could be terminated, without notice due to negligence in carrying out responsibilities, dishonesty, breaching Company policies or criminal activity.	Target STI of 75% of fixed remuneration with a maximum STI of 2 times the target, based on a Balanced Scorecard of KPIs and specific objectives. Of the amount payable each year, 50% shall be paid in cash and 50% shall be deferred in the form of Company shares vesting as follows – one third one year after grant date, one third two years after grant date and one third three years after grant date. The deferral periods may be extended to four years to align with FAR.	Executive LTI – performance rights at 75% of fixed remuneration.	The Board has the discretion to reduce or cancel any STI or ELTI for: • Fraudulent or dishonest conduct; • Material misstatements or omission in the financial statements; or • Circumstances that occur that the Board determines to have resulted in unfair or inappropriate benefit

The below graph summarises the structure of the variable incentive compensation paid or granted to the CEO in FY26. The graph depicts the combination of short and long term incentives granted and the upcoming vesting dates.



* A portion may be deferred to a fourth year additional to ensure compliance with FAR.
**From a financial year perspective, the vesting date is 1 September of the fifth financial year after the grant year.

5. Non-Executive Director arrangements

The director fee pool available for payment to Non-Executive Directors (NEDs) of the Company is approved by shareholders. The maximum annual aggregate pool for directors' remuneration is $1,300,000, which was approved at the AGM in November 2024. A review of NEDs' remuneration is undertaken annually by the Company Board, taking into account relevant benchmarking and recommendations from the PRC.

The following table sets out the agreed remuneration for NEDs by position for a full year, with effect from 1 November 2025 for AEI and 1 September 2025 for AES. NEDs do not receive performance-related pay and are not provided with retirement benefits apart from statutory superannuation.

In total, in FY26 directors' fees of $908,558 were paid out of the director fee pool of $1,300,000.

In addition to fixed remuneration, NEDs are entitled to be paid reasonable expenses, remuneration for additional services and superannuation contributions. Non-Executive Directors are not eligible to participate in employee incentive plans.

From 1 September 2025 for AES From 1 November 2025 for AEI	AEI $	AES $	The Foundation $
Base fees			
Chair	190,000	120,000	–
Other non-executive directors	110,000	75,000	–
Additional fees			
Audit, Risk & Compliance Committee – chair	30,818	24,000	–
Audit, Risk & Compliance Committee – member	17,610	14,000	–
Investment Committee (IC) – chair	30,818	–	–
Investment Committee (IC) – member	17,610	–	–
Product Disclosure Committee – chair	5,870	–	–
Product Disclosure Committee – member	5,870	–	–
Insurance Benefits Committee (IBC) – chair	–	5,870	–
Insurance Benefits Committee (IBC) – member	–	5,870	–
People & Remuneration Committee – chair*	15,000	–	–
People & Remuneration Committee – member*	10,000	–	–
Nomination Committee – chair	–	–	–
Nomination Committee – member	–	–	–

* Fee effective from 1 June 2026.

5.1 Non-Executive Directors' remuneration

The table below outlines NED reward as calculated in accordance with accounting standards and the Corporations Act 2001 requirements for the directors of the consolidated group. The amounts shown are equal to the amount expensed in the Group's financial statements.

Name	Board Fee	Audit, Risk & Compliance Committee	People, Remuneration & Nominations Committee	Investment Committee	Product Disclosure Committee	Insurance Benefits Committee	Super-annuation	Total
	$	$	$	$	$	$	$	$
2026								
S Gibbs	222,071	22,174	744	–	5,182	5,212	30,646	286,029
S McCullagh	92,484	–	–	27,206	–	–	14,363	134,053
J Orr	92,484	35,513	–	15,546	–	–	17,225	160,768
B Bissaker	92,484	10,482	1,116	–	–	–	12,490	116,572
K Orvad (from 11 March 2026)	30,134	4,824	744	–	–	–	4,284	39,986
K Greenhill (until 31 Oct 2025)	44,076	15,387	–	–	1,688	1,718	7,544	70,413
R Brandweiner (until 4 May 2026)	76,894	–	–	13,050	–	–	10,793	100,737
Total	**650,627**	**88,380**	**2,604**	**55,802**	**6,870**	**6,930**	**97,345**	**908,558**
2025								
S Gibbs	175,241	25,035	–	–	5,007	5,007	24,183	234,473
S McCullagh	80,110	–	–	26,286	–	–	12,236	118,632
J Orr	80,110	21,652	–	15,021	–	–	13,430	130,213
B Bissaker (from 15 May 2025)	17,187	–	–	–	–	–	1,976	19,163
K Greenhill	115,159	43,810	–	–	5,007	5,007	19,433	188,416
R Brandweiner* (from 1 Sep 2024)	67,063	–	–	127	–	–	7,727	74,917
M Bun (until 31 Oct 2024)	34,510	10,030	–	6,018	–	–	5,814	56,372
Total	**569,380**	**100,527**	**–**	**47,452**	**10,014**	**10,014**	**84,799**	**822,186**

* Mr Brandweiner also received $59,159 in FY25 (including superannuation) for leading a strategic Board project in addition to his NED duties (not included in the table above).

Fiona Reynolds, Mark Puli and Louise Eyres are Directors of Australian Ethical Superannuation Pty Limited but are not Directors of Australian Ethical Investment Limited and are not a KMP. Their remuneration is not included in the Director fee pool, and not disclosed in the table above.

5.2 Shares owned by Non-Executive Directors

No Non-Executive Directors owned Australian Ethical Investment Limited shares in FY26.

6. Governance

6.1 The Role of the People and Remuneration Committee (PRC)

The role of the PRC is to help the Board fulfil its responsibilities to shareholders through a strong focus on governance and in particular, the principles of accountability and transparency. The PRC operates under delegated authority from the Board. The terms of reference include oversight of remuneration as well as executive development, talent management and succession planning.

The PRC was formed on 1 July 2025 by separating the previous People, Remuneration & Nominations Committee (PRN) into two separate committees being the People & Remuneration Committee and the Nominations Committee (comprised of Steve Gibbs, Sandra McCullagh and Julie Orr).

The PRC members during the financial year ended 30 June 2026 were:

- Brian Bissaker (PRC member for whole year & Chair from 1 June 2026),
- Steve Gibbs (PRC member for whole year & Chair until 31 May 2026),
- Karen Orvad (from 1 June 2026),
- Julie Orr (until 31 May 2026),
- Sandra McCullagh (until 31 May 2026).

The PRC met nine times during the year. Attendance at these meetings is set out in the Directors' Report. At the PRC's invitation, the CEO & Managing Director and Chief People & Culture Officer attended all meetings except where matters were associated with their own performance evaluation, development and remuneration were to be considered. The PRC considers advice and views from those invited to attend meetings and draws on services from a range of external sources, including engaging remuneration consultants from time to time.

Annually, the PRC assesses the eligibility for vesting of deferred shares.

6.2 CEO and Executive KMP Performance

The CEO is responsible for reviewing the performance of Executive KMPs and determining whether their performance requirements were met. In addition, the CEO has oversight of all employees' performance appraisals. Both quantitative and qualitative data is used to determine whether performance criteria are achieved.

An annual assessment of the performance of the CEO is completed by the Chair of the Board and is overseen by the Board, with input from the PRC. The review includes measurement of performance against agreed KPI's and Company performance. The PRC also has oversight of other Executive KMP performance.

6.3 Malus Provisions

The Board has the discretion to reduce or forfeit awards where:

- the participant has acted fraudulently or dishonestly or is in breach of their obligations to the Company
- the Company becomes aware of material misstatement or omission in the financial statements of the Company, or
- circumstances occur that the Board determines to have resulted in unfair or inappropriate benefit to the recipient.

6.4 Clawback Provisions

The Board has the discretion to clawback ELTI performance rights for up to five years following vesting where:

- the participant has engaged in fraud, dishonesty, gross misconduct, or breach of fiduciary duty
- the ELTI vested based on performance hurdles that were subsequently found to be misstated, manipulated, or materially inaccurate
- the participant's actions or omissions have caused significant reputational, financial, or legal harm to the Company, or
- the participant has breached post-employment obligations, including non-compete or confidentiality clauses.

6.5 Hedging Policy

Senior executives participating in the Company's equity-based plans are prohibited from entering into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in the Company's securities.

6.6 Trading Restrictions and Windows

All directors and employees are constrained from trading the Company's shares during 'blackout periods'. These periods occur between the end of the half year and two days after the release of the half-year results, and between the end of the full year and two days after the release of the full year results. In addition, where potential price sensitive information is known and not required to be disclosed to the market, the directors and relevant employees are constrained from trading the Company's shares.

KPMG

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 audit of the financial report of Australian Ethical Investment Limited for the financial year ended 30 June 2026 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

J.Davis

Jessica Davis

Partner

Sydney

24 August 2026

Financial Statements and notes

Statements of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2026

	Note	Consolidated 2026 $'000	Consolidated 2025 $'000	Parent 2026 $'000	Parent 2025 $'000
Revenue					
Operating revenue	5	129,546	119,384	110,729	101,266
Expenses					
Employee benefits	6	(43,538)	(39,262)	(42,666)	(38,683)
Fund related	7	(22,148)	(22,428)	(13,034)	(12,213)
Marketing	8	(9,367)	(9,602)	(9,367)	(9,602)
IT	9	(4,325)	(3,430)	(3,841)	(3,387)
External services	10	(3,079)	(2,607)	(2,400)	(2,170)
Foundation expenses	11	(3,320)	(2,566)	(3,360)	(2,804)
Other operating expenses	12	(2,261)	(2,415)	(1,835)	(1,943)
Depreciation	18 & 20	(1,109)	(1,073)	(1,109)	(1,073)
Amortisation	25	(506)	(309)	(506)	(309)
Occupancy		(772)	(760)	(772)	(760)
Finance charges	18	(122)	(151)	(122)	(151)
Integration & transformation costs	13	(2,156)	(4,322)	(361)	(454)
Due diligence & transaction costs	14	–	(1,719)	–	(1,719)
Total expenses		(92,703)	(90,644)	(79,373)	(75,268)
Profit before income tax expense		36,843	28,740	31,356	25,998
Income tax expense	15	(11,030)	(8,544)	(9,407)	(7,800)
Net Profit for the year		25,813	20,196	21,949	18,198
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Gain/(Loss) on revaluation of investments		(2)	15	–	–
Other comprehensive income for the year, net of tax		(2)	15	–	–
Total comprehensive income for the year[1]		**25,811**	**20,211**	**21,949**	**18,198**

	Note	Cents	Cents
Basic earnings per share	36	23.02	18.08
Diluted earnings per share	36	22.55	17.74

1 Comprehensive income includes the results of The Foundation (refer to Note 38)

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

Statements of financial position

AS AT 30 JUNE 2026

	Note	Consolidated 2026 $'000	Consolidated 2025 $'000	Parent 2026 $'000	Parent 2025 $'000
Assets					
Current assets					
Cash and cash equivalents	16	12,776	18,842	8,150	11,998
Term deposits		38,000	20,000	38,000	20,000
Trade and other receivables	17	12,952	12,413	10,214	9,564
Prepayments		960	1,834	608	1,534
Total current assets		64,688	53,089	56,972	43,096
Non-current assets					
Deferred tax	15	6,178	6,157	5,751	5,547
Right-of-use assets	18	1,425	2,152	1,425	2,152
Property, plant and equipment	20	655	822	655	822
Term deposit		749	749	749	749
Investments in subsidiary	19	–	–	316	316
Related party loan	21	–	–	–	6,568
Financial assets through other comprehensive income		73	77	4	3
Intangibles and goodwill	25	6,044	6,497	6,044	6,497
Total non-current assets		15,124	16,454	14,944	22,654
Total assets		**79,812**	**69,543**	**71,916**	**65,750**
Liabilities					
Current liabilities					
Trade and other payables	22	13,307	11,335	10,036	8,205
Employee benefits	23	10,913	10,480	10,913	10,439
Deferred consideration	24	–	1,000	–	1,000
Tax payable	15	2,338	3,066	2,212	3,081
Lease liabilities	18	719	654	719	654
Total current liabilities		27,277	26,535	23,880	23,379
Non-current liabilities					
Lease liabilities	18	800	1,526	800	1,526
Employee benefits	23	577	523	577	523
Provisions		523	508	523	508
Total non-current liabilities		1,900	2,557	1,900	2,557
Total liabilities		**29,177**	**29,092**	**25,780**	**25,936**
Net assets		**50,635**	**40,451**	**46,136**	**39,814**
Equity					
Issued capital	26	12,577	12,166	12,577	12,166
Reserves	27	7,352	4,078	7,337	4,061
Retained profits		30,706	24,207	26,222	23,587
Total equity		**50,635**	**40,451**	**46,136**	**39,814**

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

Statements of changes in equity

FOR THE YEAR ENDED 30 JUNE 2026

	Issued capital $'000	Share-based payment reserve $'000	FVOCI[1] reserve $'000	Retained profits $'000	Total equity $'000
	Note 26	Note 27	Note 27		
Consolidated					
Balance at 1 July 2024	10,236	3,457	2	16,449	30,144
Profit after income tax expense for the year	–	–	–	20,196	20,196
Other comprehensive income for the year, net of tax	–	–	–	15	15
Total comprehensive income for the year	–	–	–	20,211	20,211
Transactions with owners in their capacity as owners:					
Dividends provided for or paid (Note 28)	–	–	–	(12,438)	(12,438)
Shares vested under deferred shares plan during the year	1,930	(1,930)	–	–	–
Employee deferred shares & rights	–	2,534	–	–	2,534
Revaluation of investments	–	–	15	(15)	–
Balance at 30 June 2025	12,166	4,061	17	24,207	40,451

	Issued capital $'000	Share-based payment reserve $'000	FVOCI[1] reserve $'000	Retained profits $'000	Total equity $'000
	Note 26	Note 27	Note 27		
Consolidated					
Balance at 1 July 2025	12,166	4,061	17	24,207	40,451
Profit after income tax expense for the year	–	–	–	25,813	25,813
Other comprehensive income for the year, net of tax	–	–	–	(2)	(2)
Total comprehensive income for the year	–	–	–	25,811	25,811
Transactions with owners in their capacity as owners:					
Dividends provided for or paid (Note 28)	–	–	–	(19,314)	(19,314)
Shares vested under deferred shares plan during the year	411	(411)	–	–	–
Employee deferred shares & rights	–	3,687	–	–	3,687
Revaluation of investments	–	–	(2)	2	–
Balance at 30 June 2026	12,577	7,337	15	30,706	50,635

1 Fair value through other comprehensive income (FVOCI)

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Statements of changes in equity (continued)

FOR THE YEAR ENDED 30 JUNE 2026

	Issued capital $'000	Share-based payment reserve $'000	Retained profits $'000	Total equity $'000
	Note 26	Note 27		
Parent				
Balance at 1 July 2024	10,236	3,457	17,827	31,520
Profit after income tax expense for the year	–	–	18,198	18,198
Other comprehensive income for the year, net of tax	–	–	–	–
Total comprehensive income for the year	–	–	18,198	18,198
Transactions with owners in their capacity as owners:				
Dividends provided for or paid (Note 28)	–	–	(12,438)	(12,438)
Shares vested under deferred shares plan during the year	1,930	(1,930)	–	–
Employee deferred shares & rights	–	2,534	–	2,534
Balance at 30 June 2025	12,166	4,061	23,587	39,814

	Issued capital $'000	Share-based payment reserve $'000	Retained profits $'000	Total equity $'000
	Note 26	Note 27		
Parent				
Balance at 1 July 2025	12,166	4,061	23,587	39,814
Profit after income tax expense for the year	–	–	21,949	21,949
Other comprehensive income for the year, net of tax	–	–	–	–
Total comprehensive income for the year	–	–	21,949	21,949
Transactions with owners in their capacity as owners:				
Dividends provided for or paid (Note 28)	–	–	(19,314)	(19,314)
Shares vested under deferred shares plan during the year	411	(411)	–	–
Employee deferred shares & rights	–	3,687	–	3,687
Balance at 30 June 2026	12,577	7,337	26,222	46,136

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Statements of cash flows

FOR THE YEAR ENDED 30 JUNE 2026

	Note	Consolidated 2026 $'000	Consolidated 2025 $'000	Parent 2026 $'000	Parent 2025 $'000
Cash flows from operating activities					
Receipts from customers		127,214	108,914	109,964	97,876
Payments to suppliers and employees		(79,532)	(74,008)	(67,925)	(63,002)
Interest received		1,793	1,705	1,402	1,302
Grants to non-profit organisations		(2,880)	(1,890)	(2,804)	(1,822)
Income taxes paid		(12,016)	(7,833)	(12,016)	(7,833)
		34,579	26,888	28,621	26,521
Payments relating to integration & transformation costs	13	(1,941)	(5,124)	(332)	(512)
Payments relating to due diligence & transaction costs	14	–	(1,911)	–	(1,911)
Net cash from operating activities	35	32,638	19,853	28,289	24,098
Cash flows from investing activities					
Acquisition of Altius	24	(1,000)	(4,278)	(1,000)	(4,278)
Payments for other intangible assets		(53)	(264)	(53)	(264)
Distributions received		2	7	–	–
Purchase of investments		(2)	(1)	(1)	(1)
Investment in term deposit		(66,000)	(20,000)	(66,000)	(20,000)
Funds returned from term deposit		48,000	10,000	48,000	10,000
Payments for property, plant and equipment	20	(215)	(277)	(215)	(277)
Net cash used in investing activities		(19,268)	(14,813)	(19,269)	(14,820)
Cash flows from financing activities					
Interest on lease liabilities	18	(122)	(151)	(122)	(151)
Dividends paid	28	(19,314)	(12,438)	(19,314)	(12,438)
Loan (to)/repaid by subsidiary - AES		–	–	6,568	(2,870)
Net cash used in financing activities		(19,436)	(12,589)	(12,868)	(15,459)
Net (decrease)/increase in cash and cash equivalents		(6,066)	(7,549)	(3,848)	(6,181)
Cash and cash equivalents at the beginning of the financial year		18,842	26,391	11,998	18,179
Cash and cash equivalents at the end of the financial year	16	12,776	18,842	8,150	11,998

The above statements of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

NOTE 1. ABOUT THIS REPORT

The financial report covers the consolidated entity of Australian Ethical Investment Limited, the ultimate parent entity, and its wholly owned subsidiaries (together referred to as the 'Group' and individually as 'Group entities') 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'), Christian Super Pty Ltd, August Investment Pty Ltd, Australian Ethical Investment Limited Employee Share Plan Trust and American Ethical Investment PBC and Australian Ethical Investment Limited as an individual parent entity. The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

The Company is a listed public company limited by shares (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 Group's registered office is at Level 8, 130 Pitt Street, Sydney NSW 2000.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 August 2026. The directors have the power to amend and reissue the financial statements.

NOTE 2. MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the 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 preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the accruals basis and are based on historical cost convention, except for, where applicable, the revaluation of financial assets at fair value through other comprehensive income, and financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's and Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Parent entity information

These financial statements include the results of both the parent entity and the Group in accordance with Australian Securities and Investments Commission Corporations (Parent Entity Financial Statements) Amendment Instrument 2024/187.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Australian Ethical Investments Limited ('Company' or 'Parent Entity') as at 30 June 2026 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

They are de-consolidated from the date that control ceases.

NOTE 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Interests in subsidiaries are accounted for at cost, less any impairment, in the parent entity. Dividends received from subsidiaries are recognised as other income by the parent entity.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2026/183, issued by the Australian Securities and Investments Commission, relating to Rounding in Financial/Directors' Reports. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New or amended 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. These include: Classification and Measurement of Financial Instruments – Amendments to AASB 9 and AASB 7. The adoption of these new standards did not have an impact on the financial statements.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. These include: Presentation and Disclosure in Financial Statements – AASB 18.

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the 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.

Income tax & deferred tax assets/liabilities – refer to Note 15

The Group is subject to income taxes in the jurisdictions in which it operates. Estimation is required in determining the provision for income tax. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is yet to be finalised.

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision – refer to Note 23

The liability for employee benefits expected to be settled more than 12 months from the reporting date is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates have been taken into account.

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Share-based payment transactions – refer to Note 37

The group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. At the date the shares are granted the fair value is determined as the on-market purchase price if the shares are purchased or a volume-weighted average price (VWAP) post year end results announcement if the shares are issued. Judgement is used in estimating the probability of performance hurdles being met in determining the value of equity instruments expensed in profit or loss. Performance rights are measured at fair value at the date at which they are granted, and the likelihood of performance conditions being met.

The accounting estimates and assumptions relating to equity-settled share-based payments have no impact on the carrying amounts of assets and liabilities but will impact profit or loss and equity.

Measurement of contingent consideration – refer to Note 30

Any contingent consideration is measured at fair value at the date of acquisition. Contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

NOTE 4. BUSINESS SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The Group comprises of one main operating segment being Funds Management.

NOTE 5. REVENUE

	Consolidated		Parent	
	2026 $'000	2025 $'000	2026 $'000	2025 $'000
Revenue from contracts with customers:				
Management fees	96,358	89,893	75,752	71,212
Performance fees	–	–	–	–
Administration fees*	24,067	21,823	22,244	19,931
Principal investment advisory fee	–	–	9,913	8,889
Member fees (net of rebates)	5,696	5,403	–	–
Insurance administration fees	1,421	–	1,208	–
Interest income	2,003	1,636	1,612	1,234
Other income (cost recovery linked to insurance harmonisation)	1	629	–	–
Revenue	129,546	119,384	110,729	101,266

* Net of Operational Risk Financial Reserve contributions.

An insurance administration fee was introduced from 1 August 2025.

Recognition and measurement

Revenue from contracts with customers: Management, administration and member fees

Fee revenue is earned from provision of funds management services to customers outside the Group. Fee revenue is measured based on the consideration specified in the relevant disclosure document or agreement with the customer. The majority of the Group's revenue arises from service contracts where performance obligations are satisfied over time. The Group recognises revenue over time as those services are provided.

The parent entity earns investment management, administration and insurance administration fees from its subsidiary AES in accordance with service agreements. The parent entity also earns a principal investment advisory fee from AES for the provision of services relating to developing, implementing and maintaining investment strategies including strategic advice and portfolio construction for the Australian Ethical Retail Superannuation Fund ('Super Fund').

AES earns member fees from the Super Fund from the provision of services to members.

NOTE 5. REVENUE (CONTINUED)

The administration fee entitlement earned is net of nil (2025: $618 thousand) paid directly to the Operational Risk Financial Reserve ('ORFR') of the Super Fund.

Revenue from contracts with customers: Performance fees

Performance fees in relation to the Emerging Companies Fund, High Conviction Fund and Growth Opportunities Fund are dependent on fund outperformance and are recognised when it is highly probable that performance hurdles have been achieved and a reversal is unlikely.

Interest income

Interest revenue is recognised as interest accrues.

Dividends

Dividends are recognised as revenue when the right to receive payment is established.

NOTE 6. EMPLOYEE BENEFITS

	Consolidated		Parent	
	2026 $'000	2025 $'000	2026 $'000	2025 $'000
Employee remuneration*	39,373	35,347	38,913	35,029
Directors' fees	1,215	956	852	734
Strategic project contractors	54	–	54	–
Other committee member fees	121	112	121	112
Other employment related costs	2,775	2,847	2,726	2,808
	43,538	39,262	42,666	38,683

* Includes superannuation expense of $2,444 thousand (2025: $2,165 thousand).

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

Recognition and measurement

Employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The fair value of short and long-term equity-settled share-based payment arrangements is recognised as an employee remuneration expense based on the fair value at grant date, with a corresponding increase in equity. The amount recognised as an expense is adjusted to reflect the number of awards expected to vest based on the likelihood or probability assessment that the performance conditions are met at the vesting date.

NOTE 7. FUND RELATED

	Consolidated		Parent	
	2026 $'000	2025 $'000	2026 $'000	2025 $'000
Administration and custody fees	11,531	13,776	3,760	4,686
Asset managers, ratings and platform fees	1,625	1,392	1,617	1,385
Regulatory & industry body fees	1,674	1,541	539	513
Investment systems	3,500	2,304	3,500	2,304
Ethical research	248	242	248	242
Strategic projects - Regulatory related	171	353	171	263
Strategic projects - Fund related	3,399	2,820	3,199	2,820
	22,148	22,428	13,034	12,213

NOTE 7. FUND RELATED (CONTINUED)

Administration and custody fees decreased primarily due to improved commercial rate cards following transitions to Grow Super Ops Pty Ltd ("GROW Inc") for Super Fund administration and State Street Australia Limited ("State Street") for custody & investment administration. The unit cost improvements were partially offset by growth in funds under management.

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 is primarily the cost of implementing new institutional-grade front office systems.

Recognition and measurement

Expenses are recognised at the fair value of the consideration paid or payable for services rendered.

NOTE 8. MARKETING

	Consolidated		Parent	
	2026 $'000	**2025 $'000**	**2026 $'000**	**2025 $'000**
Distribution costs	4,828	4,288	4,828	4,288
Brand awareness	3,352	4,006	3,352	4,006
Other	1,187	1,308	1,187	1,308
	9,367	9,602	9,367	9,602

Marketing costs decreased due to lower brand awareness spend partially offset by an increase in distribution costs.

NOTE 9. IT

	Consolidated		Parent	
	2026 $'000	**2025 $'000**	**2026 $'000**	**2025 $'000**
Client-facing systems	1,134	1,247	1,067	1,204
Support systems, infrastructure and security	2,481	2,087	2,478	2,087
Strategic projects - IT	710	96	296	96
	4,325	3,430	3,841	3,387

Strategic projects – IT related costs are primarily the initial costs of discovery, planning and design work for a superannuation app in order to enhance member experience. The app build will be capitalised.

NOTE 10. EXTERNAL SERVICES

	Consolidated		Parent	
	2026 $'000	**2025 $'000**	**2026 $'000**	**2025 $'000**
Internal & external audit and tax services	1,550	1,260	1,092	954
Consultants	852	743	735	626
Legal services	127	201	99	187
Other	550	403	474	403
	3,079	2,607	2,400	2,170

External services costs increased primarily due to the timing of internal audit services costs and an increase in recruitment costs (within other external services).

NOTE 11. FOUNDATION EXPENSES

The Group's constitution states that the Directors before recommending or declaring any dividend to be paid out of the profits of any one year must have first gifted or provisioned for gifting an amount equivalent to 10% of what the profit for that year would have been had bonuses and the amount gifted not been deducted.

Grants amounting to $3,360 thousand (2025: $2,804 thousand) have been expensed and accrued for gifting from the parent entity to The Foundation. The Foundation has already committed to granting $3,050 thousand (2025: $2,500 thousand) to non-profit organisations through its gifts program.

NOTE 12. OTHER OPERATING EXPENSES

	Consolidated		Parent	
	2026 $'000	**2025 $'000**	**2026 $'000**	**2025 $'000**
Insurance	852	994	445	527
Travel	822	749	803	748
ASX listing fees and registry costs	271	252	271	250
Printing and subscriptions	95	101	95	99
Foreign currency loss	37	96	37	96
Other	184	223	184	223
	2,261	2,415	1,835	1,943

NOTE 13. INTEGRATION & TRANSFORMATION COSTS

	Consolidated		Parent	
	2026 $'000	**2025 $'000**	**2026 $'000**	**2025 $'000**
Project Management and Project Team costs	1,346	2,615	171	352
Fund related transition costs	170	1,573	–	78
Legal and consulting	606	134	161	24
Marketing and member communications	6	–	–	–
Other	28	–	29	–
	2,156	4,322	361	454

Australian Ethical has completed the transfer of 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 FY26. This transformational project delivers a modern technology stack and 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.

In FY26, integration & transformation costs also include costs of $833 thousand relating to licence conditions imposed by APRA on 27 November 2025 and other governance maturity enhancements. These costs include required independent review and activities commenced to strengthen the governance, risk management and oversight of related-party arrangements.

NOTE 14. DUE DILIGENCE & TRANSACTION COSTS

	Consolidated		Parent	
	2026 $'000	2025 $'000	2026 $'000	2025 $'000
Due diligence team employment costs	–	272	–	272
Consulting	–	1,438	–	1,438
Marketing and member communications	–	9	–	9
	–	1,719	–	1,719

Prior year, due diligence and transaction costs included costs to acquire Altius Asset Management business (completed in September 2024) and due diligence on a pipeline of other inorganic opportunities.

NOTE 15. INCOME TAX

	Consolidated		Parent	
	2026 $'000	2025 $'000	2026 $'000	2025 $'000
Income tax expense				
Current tax	11,051	10,312	9,611	9,504
Deferred tax asset – temporary differences	24	(1,734)	(159)	(1,670)
Deferred tax liability – temporary differences	(45)	(34)	(45)	(34)
Aggregate income tax expense	11,030	8,544	9,407	7,800
Deferred tax included in income tax expense comprises:				
Increase in deferred tax assets	24	(1,734)	(159)	(1,670)
Decrease in deferred tax liabilities	(45)	(34)	(45)	(34)
Deferred tax – temporary differences	(21)	(1,768)	(204)	(1,704)
Numerical reconciliation of income tax expense and tax at the statutory rate				
Profit before income tax expense	36,843	28,740	31,356	25,998
Add / less: Tax exempt (profit) / loss attributable to the Foundation	(75)	(258)	–	–
Taxable profit before income tax	36,768	28,482	31,356	25,998
Tax at the statutory tax rate of 30% (2025: 30%)	11,030	8,545	9,408	7,800
Tax effect amounts which are not deductible / (taxable) in calculating taxable income:				
Other non-deductible items	–	(1)	(1)	–
Income tax expense	11,030	8,544	9,407	7,800

The effective tax rate for the consolidated group is 30.0% (2025: 30.0%) and for the parent entity is 30.0% (2025: 30.0%).

NOTE 15. INCOME TAX (CONTINUED)

	Consolidated		Parent	
	2026 $'000	2025 $'000	2026 $'000	2025 $'000
Deferred tax asset				
Deferred tax asset comprises temporary differences attributable to:				
Employee benefits	1,848	1,837	1,848	1,837
Provision for employee leave	1,468	1,306	1,468	1,294
Costs deductible over five years	608	984	526	819
Accruals	224	243	174	198
Grants to non-profit organisations	1,008	841	1,008	841
Provision for lease make-good	157	152	157	152
Other payables	981	975	686	587
Lease liabilities	28	8	28	8
Deferred tax asset	6,322	6,346	5,895	5,736
Movements:				
Opening balance	6,346	4,409	5,736	3,863
Altius acquisition	–	203	–	203
Charged to profit or loss	(24)	1,734	159	1,670
Closing balance	6,322	6,346	5,895	5,736
Deferred tax liability				
Deferred tax liability comprises temporary differences attributable to:				
Amounts recognised in profit or loss:				
Property, plant and equipment	3	5	3	5
Intangibles	141	184	141	184
Deferred tax liability	144	189	144	189
Movements:				
Opening balance	189	7	189	7
Altius acquisition	–	216	–	216
Charged to profit or loss	(45)	(34)	(45)	(34)
Closing balance	144	189	144	189
Provision for income tax payable	2,338	3,066	2,212	3,081

Recognition and measurement

Tax expense comprises current and deferred tax recognised in the profit and loss except where related to items recognised directly in equity. Tax expense is measured at the tax rates that have been enacted or substantially enacted based on the notional tax rate for each applicable jurisdiction at the reporting date.

Current tax is the expected tax payable or receivable on taxable income or loss for the year and any adjustment in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities.

NOTE 15. INCOME TAX (CONTINUED)

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which they can be utilised. These are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. The carry forward values of deferred tax assets and liabilities have been adjusted to reflect applicable future corporate tax rates.

Australian Ethical Investment Limited and its wholly owned eligible subsidiaries, Australian Ethical Superannuation Pty Limited, Christian Super Pty Ltd and August Investment Pty Ltd, have formed an Australian income tax consolidated group. Australian Ethical Investment Limited is responsible for recognising the current tax assets and liabilities for the tax consolidated Group.

The tax consolidated group has a tax sharing agreement whereby each company in the group contributes towards income tax liabilities based on a stand-alone allocation method.

The tax liability for the subsidiary entities is recognised through intercompany payable or receivable.

NOTE 16. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	2026 $'000	**2025 $'000**	**2026 $'000**	**2025 $'000**
Cash at bank	151	122	20	20
Deposits at call	12,625	18,720	8,130	11,978
	12,776	18,842	8,150	11,998

Recognition and measurement

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Deposits at call earn interest at a higher rate than cash at bank which are low interest earning transactional accounts.

NOTE 17. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated		Parent	
	2026 $'000	**2025 $'000**	**2026 $'000**	**2025 $'000**
Trade receivables	12,952	12,413	3,282	3,220
Receivable from subsidiary	–	–	6,932	6,344
	12,952	12,413	10,214	9,564

Trade receivables are primarily fee revenue for the month of June which were received in July.

Recognition and measurement

Trade receivables are initially recognised when they are originated and are measured at the transaction price.

Expected credit losses on trade and other receivables are estimated to be nil as there are currently no past due receivables as at 30 June 2026 (2025: nil) and management have not identified any additional concerns regarding collectability of the receivables as the receivables are predominantly due from related parties.

NOTE 18. LEASES

Leases includes the lease for the Sydney office premises, for printing and copying equipment for the office.

The Group entered into a 5-year lease commencing 1 July 2023 for the Sydney office at 130 Pitt Street. The new lease includes the existing space and an additional half floor. The Group does not have an option to purchase the premises at the expiry of the lease period. A bank guarantee of $749 thousand has been provided by the Group to the property owners as a security deposit.

A right-of-use asset and lease liability have been recognised in the Statement of Financial Position.

The lease relating to printing and copying equipment for the Sydney office was fully depreciated during the year.

Consolidated & Parent	Office premises $'000	IT hardware & infrastructure $'000	Total $'000
Right-of-use assets			
Balance at 1 July 2024	2,850	26	2,876
Disposals	(1)	–	(1)
Depreciation	(712)	(11)	(723)
Balance at 30 June 2025	2,137	15	2,152
Comprising of:			
Current	–	–	-
Non-current	2,137	15	2,152
	2,137	15	2,152

Consolidated & Parent	Office premises $'000	IT hardware & infrastructure $'000	Total $'000
Right-of-use assets			
Balance at 1 July 2025	2,137	15	2,152
Disposals	–	–	–
Depreciation	(712)	(15)	(727)
Balance at 30 June 2026	1,425	–	1,425
Comprising of:			
Current	–	–	-
Non-current	1,425	–	1,425
	1,425	–	1,425

	Consolidated		Parent	
	2026 $'000	2025 $'000	2026 $'000	2025 $'000
Amounts recognised in statement of cash flows				
Interest on lease liabilities – financing	122	151	122	151
Payments to landlord – operating	662	590	662	590
Total cash outflow for leases	784	741	784	741

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

NOTE 18. LEASES (CONTINUED)

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. These includes a short-term lease for offices in Melbourne. Lease payments on these assets are expensed to profit or loss as incurred.

Consolidated & Parent	Office premises $'000	IT hardware & infrastructure $'000	Total $'000
Lease liabilities			
Balance at 1 July 2024	2,744	26	2,770
Additions	–	–	–
Payments	(730)	(11)	(741)
Interest on lease liabilities	151	–	151
Balance at 30 June 2025	2,165	15	2,180
Comprising of:			
Current	646	8	654
Non-current	1,519	7	1,526
	2,165	15	2,180

Consolidated & Parent	Office premises $'000	IT hardware & infrastructure $'000	Total $'000
Lease liabilities			
Balance at 1 July 2025	2,165	15	2,180
Additions	–	–	–
Payments	(768)	(15)	(783)
Interest on lease liabilities	122	–	122
Balance at 30 June 2026	1,519	–	1,519
Comprising of:			
Current	719	–	719
Non-current	800	–	800
	1,519	–	1,519

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a market review; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

NOTE 19. NON-CURRENT ASSETS – INVESTMENTS IN SUBSIDIARY

	Consolidated		Parent	
	2026 $'000	2025 $'000	2026 $'000	2025 $'000
Investment in AES (as trustee of the Super Fund)	–	–	316	316

NOTE 20. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

Consolidated & Parent	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Balance at 1 July 2024	662	233	895
Additions	142	135	277
Disposals	–	–	–
Depreciation expense	(187)	(163)	(350)
Balance at 30 June 2025	617	205	822
Additions	–	215	215
Disposals	–	–	–
Depreciation expense	(206)	(176)	(382)
Balance at 30 June 2026	411	244	655

Recognition and measurement

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. The carrying amount of property, plant and equipment is reviewed annually to ensure that it is not in excess of the recoverable amount. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation

Depreciation is calculated on a straight-line basis for each item of property, plant and equipment (excluding land) over their expected useful lives. The estimated useful lives for current and comparative periods are as follows:

Leasehold improvements	the lesser of unexpired lease term or useful life, 2-5 years
Plant and equipment	2-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

NOTE 21. NON-CURRENT ASSETS – RELATED PARTY LOAN

	Consolidated		Parent	
	2026 $'000	**2025 $'000**	**2026 $'000**	**2025 $'000**
Loan to subsidiary	–	–	–	6,568

In a previous financial year AEI provided a loan to its subsidiary AES to support the ongoing costs of the Super Fund administrator transition to GROW Inc. The loan was non-interest bearing during the transition period. Following the completion of the transition, the loan was repaid in full in December 2025. As at 30 June 2026, there are no amounts outstanding under this arrangement. Accordingly, the parent entity support arrangements in respect of this loan are no longer required.

NOTE 22. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated		Parent	
	2026 $'000	**2025 $'000**	**2026 $'000**	**2025 $'000**
Trade payables and accruals	10,347	8,816	6,676	5,401
Grants to non-profit organisations	2,960	2,519	3,360	2,804
	13,307	11,335	10,036	8,205

Refer to Note 29 for further information on financial instruments.

Recognition and measurement

Trade payables and accruals represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of an invoice being rendered.

NOTE 23. EMPLOYEE BENEFITS

	Consolidated		Parent	
	2026 $'000	**2025 $'000**	**2026 $'000**	**2025 $'000**
Current				
Annual leave	2,338	2,089	2,338	2,076
Long service leave	1,978	1,741	1,978	1,713
Accrual for employee entitlements	6,597	6,650	6,597	6,650
	10,913	10,480	10,913	10,439
Non-current				
Long service leave	577	523	577	523

Recognition and measurement

Employee benefit accruals are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Employee Benefits Liabilities including employee short term incentive compensation, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating benefits, such as sick leave, are not provided for but are expensed as the benefits are taken by the employees.

NOTE 24. PRIOR YEAR ACQUISITION OF ALTIUS

On 25 September 2024, the Group completed the acquisition of Altius Asset Management ("Altius"), which was accounted for as a business combination in accordance with AASB 3 Business Combinations.

The purchase price allocation including the fair value of consideration transferred, the fair value of identifiable assets acquired and liabilities assumed, and goodwill recognised was finalised and disclosed in the Group's financial statements for the year ended 30 June 2025.

During the year ended 30 June 2026, the Group paid $1,000 thousand to settle deferred consideration contingent on satisfaction of conditions in September 2025. Other than this cash outflow, there were no acquisition-related cash flows or other acquisition-related transactions in the year ended 30 June 2026. Accordingly, this note is presented for comparative and contextual purposes only.

Transaction costs of nil (2025: $236 thousand) have been expensed as incurred in the consolidated statement of comprehensive income.

NOTE 25. NON-CURRENT ASSETS – INTANGIBLES AND GOODWILL

Consolidated & Parent	Goodwill $'000	Customer contracts $'000	Brand $'000	Software development $'000	Total $'000
Balance at 1 July 2024	–	–	–	574	574
Additions	5,247	597	124	264	6,232
Amortisation expense	-	(90)	(19)	(200)	(309)
Balance at 30 June 2025	5,247	507	105	638	6,497
Balance at 1 July 2025	5,247	507	105	638	6,497
Additions	–	–	–	53	53
Amortisation expense	–	(119)	(25)	(362)	(506)
Balance at 30 June 2026	5,247	388	80	329	6,044

No impairment indicators were identified in respect to intangible assets or goodwill.

Relevant accounting policies

Business combinations

The Group accounts for business combinations under the acquisition method. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Transaction costs are expensed as incurred.

Any contingent consideration is measured at fair value at the date of acquisition. Contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Intangible assets and goodwill

Goodwill arising on the acquisition of businesses is measured at cost less accumulated impairment losses.

Other intangible assets, including customer contracts and brands, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation of intangible assets is calculated using the straight-line method over their estimated useful lives and is recognised in profit or loss. The estimated useful lives are 5 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Goodwill is not amortised.

NOTE 25. NON-CURRENT ASSETS – INTANGIBLES AND GOODWILL (CONTINUED)

Impairment

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

The recoverable amount of the CGU is assessed based on the fair value less costs of disposal, estimated using a quoted market price.

NOTE 26. EQUITY – ISSUED CAPITAL

	Consolidated			
	2026 Shares	**2025 Shares**	**2026 $'000**	**2025 $'000**
Ordinary shares – fully paid	113,830,079	113,419,775	12,577	12,166

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue price**	**$'000**
Balance	30 June 2024	112,782,052		10,236
Vesting of deferred shares in the Employee Share Plan (117,886 shares)	2 September 2024	–	$9.80	1,157
Vesting of deferred STI shares (107,061 shares)	2 September 2024	–	$7.03	754
Issue of deferred shares to the Employee Share Plan (treasury shares)	5 December 2024	637,723	$4.25	–
Vesting of deferred STI shares (3,915 shares)	28 March 2025	–	$4.91	19
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 STI shares (16,140 shares)	20 November 2025	–	$4.43	71
Balance	30 June 2026	113,830,079		12,577

The Company measures the value of deferred shares at the price at which the shares are purchased on-market, or a VWAP post results announcement where shares are issued. The Company recognises share grants as a reduction in Issued Capital if shares are purchased on-market.

NOTE 26. EQUITY – ISSUED CAPITAL (CONTINUED)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote, including deferred shares.

Recognition and measurement

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The capital risk management policy remained unchanged during the year.

(i) Regulatory capital requirements

In connection with operating a funds management business in Australia, the Parent entity is required to hold an Australian Financial Services Licence (AFSL). As a holder of an AFSL, the Australian Securities & Investments Commission (ASIC) requires the Company to:

- prepare 12-month cash-flow projections which must be approved at least quarterly by Directors, and reviewed annually by auditors;
- hold at all times minimum Net Tangible Assets (NTA) the greater of:
  - (a) $150 thousand;
  - (b) 0.5% of the average value of scheme property (capped at $5 million); or
  - (c) 10% of the historical 3-year average responsible entity revenue (uncapped).

The minimum NTA was $9.9 million at 30 June 2026.

The Company must hold at least 50% of its minimum NTA required as cash or cash equivalents and hold at least $50 thousand in Surplus Liquid Funds (SLF).

The Company has complied with these requirements at all times during the year.

(ii) Dividend policy

Dividends paid to shareholders are typically in the range of 80-100% of the Group's net profit after tax attributable to shareholders. The Board may declare a dividend outside that range with due consideration to retained earnings and business activities. Refer also to Note 11 which discusses the provisioning of staff bonuses and grants to non-profit organisations prior to recommending or declaring a dividend under the Group's constitution.

NOTE 27. EQUITY – RESERVES

Consolidated	Share-based payment reserve $'000	FVOCI reserve $'000	Total $'000
Balance at 30 June 2024	3,457	2	3,459
Shares vested under deferred share plan during the year	(1,930)	–	(1,930)
Employee deferred shares & rights*	2,534	–	2,534
Revaluation of investments	–	15	15
Balance at 30 June 2025	4,061	17	4,078
Shares vested under deferred share plan during the year	(411)	–	(411)
Employee deferred shares & rights*	3,687	–	3,687
Revaluation of investments	–	(2)	(2)
Balance at 30 June 2026	7,337	15	7,352

* includes employee share plan and deferred shares and ELTI rights granted to employees

Parent	Share-based payment reserve $'000	FVOCI reserve $'000	Total $'000
Balance at 30 June 2024	3,457	–	3,457
Shares vested under deferred share plan during the year	(1,930)	–	(1,930)
Employee deferred shares & rights*	2,534	–	2,534
Balance at 30 June 2025	4,061	–	4,061
Shares vested under deferred share plan during the year	(411)	–	(411)
Employee deferred shares & rights*	3,687	–	3,687
Balance at 30 June 2026	7,337	–	7,337

* includes employee share plan and deferred shares and ELTI rights granted to employees

Share-based payment reserve

This reserve relates to shares granted by the Group to its employees under its share-based payment arrangements.

Further information about share-based payments to employees is set out in Note 37.

Financial assets at FVOCI reserve

The Group has elected to recognise changes in the fair value of certain investments in equity financial instruments in OCI. These changes are accumulated within the FVOCI reserve within Equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

NOTE 28. EQUITY – DIVIDENDS

Dividends

Dividends paid during the financial year were as follows:

	2026 $'000	2025 $'000
Final dividend for the year ended 30 June 2025 of 9 cents (2024: 6 cents) per ordinary share – fully franked (Paid 19 September 2025)	10,208	6,767
Interim dividend for the year ended 30 June 2026 of 8 cents (2025: 5 cents) per ordinary share – fully franked (Paid 23 March 2026)	9,106	5,671
	19,314	12,438

Subsequent to year end the Directors have declared a final dividend of 10 cents per fully paid ordinary share (2025: 9 cents final dividend). The aggregate amount of the declared dividend expected to be paid on 18 September 2026 out of profits for the year ended 30 June 2026, but not recognised as a liability at year end, is $11,383 thousand (2025: $10,208 thousand). All dividends paid during the year were fully franked based on tax paid at 30%. The final dividend to be paid in September 2026 will be fully franked at 30%.

Franking credits

	2026 $'000	2025 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2025: 30%)	20,746	17,007

Accounting policy for dividends

Dividends are recognised when declared during the financial year.

NOTE 29. FINANCIAL INSTRUMENTS

Financial risk management objectives and framework

The Group's activities expose it to a variety of financial risks, including market risk arising from Funds under Management (FUM), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group does not have a material exposure to currency and interest rate risk.

The Group recognises that risk is part of doing business and that the ongoing management of risk is critical to its success. The approach to managing risk is articulated in the Risk Management Strategy and the Risk Appetite Statement. The Chief Risk Officer is responsible for the design and maintenance of the risk and compliance framework, establishing and maintaining group wide risk management policies, and providing regular risk reporting to the Audit, Risk & Compliance Committee (ARCC). The Board regularly monitors the overall risk profile of the Group and sets the risk appetite, usually in conjunction with the annual strategy and planning process.

The Board is responsible for ensuring that management has appropriate processes in place for managing all types of risk. To assist in providing ongoing assurance and comfort to the Board, responsibility for risk management oversight has been delegated to the ARCC. One of the main functions of the Committee is to identify emerging risks and determine treatment and monitoring of emerging and current risks. In addition, the Committee is responsible for seeking assurances from management that the systems and policies in place to assist the Group to meet and monitor its risk management responsibilities contain appropriate, up-to-date content and are being maintained. The Group is complying with its licences, and there is a structure, methodology and timetable in place for monitoring material service providers.

The following discussion relates to financial risks the Group is exposed to.

NOTE 29. FINANCIAL INSTRUMENTS (CONTINUED)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Exposure

The Group's revenue is dependent on FUM which is influenced by equity market movements. Management calculates that a 10% movement in FUM linked to equity markets would change annualised revenue by approximately $6,745 thousand (2025: $7,151 thousand).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is predominantly exposed to credit risk on its deposits with banks and financial institutions. The Group manages this risk by holding cash and cash equivalents at financial institutions with S&P's rating of 'A' or higher. The maximum exposure of the Group to credit risk on financial assets which have been recognised on the Consolidated Statements of Financial

Position is the carrying amount of cash and cash equivalents, and trade receivables. For all financial instruments other than those measured at fair value their carrying value approximates fair value.

All trade and other receivables are short term in nature and are not past due or impaired.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 6 months.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents).

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets. In addition, a twelve-month rolling forecast of liquid assets and cash flows, and profit and loss statements are reviewed by the Board quarterly to ensure there is sufficient liquidity within the Group.

Remaining contractual maturities

The Group's and Company's remaining contractual maturity for its Financial liabilities are shown below. The amounts disclosed are the contractual undiscounted cash flows.

	Consolidated				Parent			
Contractual maturities	**1 yr $'000**	**1-5 yrs $'000**	**After 5 yrs $'000**	**Total $'000**	**1 yr $'000**	**1-5 yrs $'000**	**After 5 yrs $'000**	**Total $'000**
2025								
Lease liabilities	775	2,268	–	3,043	775	2,268	–	3,043
Trade Payable	11,335	–	–	11,335	8,205	–	–	8,205
Total liabilities	12,110	2,268	–	14,378	8,980	2,268	–	11,248
2026								
Lease liabilities	812	849	–	1,661	812	849	–	1,661
Trade Payable	13,307	–	–	13,307	10,036	–	–	10,036
Total liabilities	14,119	849	–	14,968	10,848	849	–	11,697

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments are considered to be a reasonable approximation of their fair values due to the short-term nature of these instruments which includes cash, trade and other receivables, and trade payables.

NOTE 30. FAIR VALUE MEASUREMENT

Recognition and measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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 tables detail the group's assets measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1:	Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Relate to the Company's nominal holdings of shares in listed entities held for advocacy purposes.
Level 2:	Fair value measurements derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial assets that are not traded in an active market is determined using valuation techniques.	Relate to the Foundation's investment in the Social Ventures Australia (SVA) Diversified Impact Fund (DIF) unlisted unit trusts.
Level 3:	Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).	Relates to deferred consideration payable in respect to the Altius business.

The following table shows a reconciliation of opening balance to the closing balance of Level 3 financial liability fair values. There were no transfers between levels during the financial year.

Consolidated & Parent	2026 $'000	2025 $'000
Opening balance	1,000	–
Deferred consideration in Altius business combination	–	1,250
Deferred consideration paid	(1,000)	(250)
Closing balance	–	1,000

	Consolidated				Parent		
Financial assets & liabilities measured at fair value	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**	**Level 1 $'000**	**Level 3 $'000**	**Total $'000**
2025							
Investments	3	74	–	77	3	–	3
Total assets	3	74	–	77	3	–	3
Deferred consideration	–	–	1,000	1,000	–	1,000	1,000
Total liabilities	–	–	1,000	1,000	–	1,000	1,000
2026							
Investments	4	69	–	73	4	–	4
Total assets	4	69	–	73	4	–	4
Deferred consideration	–	–	–	–	–	–	–
Total liabilities	–	–	–	–	–	–	–

NOTE 30. FAIR VALUE MEASUREMENT (CONTINUED)

The deferred consideration liability of nil (2025: $1,000 thousand) was settled in September 2025. In the prior year, the liability was valued based on the amount expected to be paid and was classified as Level 3 on the basis that the expected cash flow was an unobservable input.

NOTE 31. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated		Parent	
	2026 $	2025 $	2026 $	2025 $
Short-term employee benefits	3,643,176	3,886,951	3,330,110	3,764,625
Post-employment benefits	217,345	234,459	179,778	220,391
Long-term benefits	27,653	70,396	27,653	70,396
Share-based payments	1,346,568	832,831	1,346,568	832,831
	5,234,742	5,024,637	4,884,109	4,888,243

Information regarding key management personnel's remuneration and shares held in the Company is provided in the Remuneration Report.

NOTE 32. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by KPMG, the auditor of the Company, and its network firms:

	Consolidated		Parent	
	2026 $	2025 $	2026 $	2025 $
Audit services – KPMG				
Audit and review of financial statements – Group	133,158	161,471	110,559	136,283
Audit and review of financial statements – managed funds for which the Company acts as Responsible Entity *	349,768	380,818	349,768	380,818
Audit and review of financial statements – superannuation fund for which the subsidiary entity acts as Responsible Superannuation Entity*	57,585	57,585	–	–
	540,511	599,874	460,327	517,101
Assurance services – KPMG				
Regulatory assurance services – Group	66,542	69,129	62,703	63,997
Regulatory assurance services – managed funds and superannuation fund *	91,125	91,125	12,420	12,420
Assurance services in respect to custody & administrator transitions	28,500	58,995	–	29,498
Assurance services in relation to the Sustainability Report	67,456	43,044	67,456	43,044
	253,623	262,293	142,579	148,959
Other services – KPMG				
Tax compliance and advisory services	356,246	244,625	279,042	210,077
Tax services in respect to custody & administrator transitions	15,375	87,125	15,375	87,125
	371,621	331,750	294,417	297,202
Total remuneration of KPMG	1,165,775	1,193,917	897,323	963,262

* These fees are incurred by the Company and are effectively recovered from the funds via administration or management fees.

NOTE 32. REMUNERATION OF AUDITORS (CONTINUED)

The increase in tax compliance and advisory services remuneration is primarily attributable to tax services in respect to new managed fund investments including the launch of the Growth Opportunities Fund.

The Board considered the other non-audit / assurance services provided by the auditor and is satisfied that the provision of the non-audit services is compatible with, and does not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services are subject to the corporate governance procedures adopted by the Company and are reviewed by the Audit, Risk and Compliance Committee to ensure that they do not impact the integrity and objectivity of the auditor, and
- non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they do not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

NOTE 33. COMMITMENTS

The Group did not have any material capital commitments at 30 June 2026 (2025: none).

NOTE 34. RELATED PARTY TRANSACTIONS

Parent entity

Australian Ethical Investments Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in the Consolidated Entity Disclosure Statement.

KMP remuneration

Disclosures relating to key management personnel are set out in Note 31 and the remuneration report included in the Directors' report.

Other related parties

The Company acts as the responsible entity for the Australian Ethical Trusts ('AETs'). The AETs are considered structured entities that have not been consolidated by the Group, as the Group does not have control over these entities.

The Australian Ethical Employee Share Trust (EST) holds shares for the Group's share-based payment arrangements. Pacific Custodian Pty Limited acts as trustee to the EST.

NOTE 34. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated		Parent	
	2026 $'000	2025 $'000	2026 $'000	2025 $'000
Receipts from AES:				
Administration fees	–	–	22,243	19,931
Investment management fees	–	–	48,617	44,135
Principal investment advisory fee	–	–	9,913	8,889
Insurance administration fees	–	–	1,208	–
Transactions between the parent and subsidiary entities under tax consolidation and related tax sharing agreement	–	–	1,439	669
Payments to The Foundation:				
Grants to non-profit organisations	–	–	3,360	2,804
Current receivables:				
Amounts receivable from AES – trade payables	–	–	6,870	6,331
Amounts receivable from AES – loan	–	–	–	6,568
Amounts receivable from The Foundation – trade payables	–	–	62	13
Current payables:				
Amounts payable to The Foundation	–	–	(3,360)	(2,804)

NOTE 35. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	Consolidated		Parent	
	2026 $'000	2025 $'000	2026 $'000	2025 $'000
Profit after income tax expense for the year	25,813	20,196	21,949	18,198
Adjustments for:				
Depreciation and amortisation	1,615	1,382	1,615	1,382
Non-cash employee benefits expense - deferred shares and rights	3,513	2,627	3,513	2,627
Interest on lease liabilities	122	151	122	151
Change in operating assets and liabilities:				
Increase/(Decrease) in trade and other receivables	(547)	(9,759)	(669)	(2,882)
Increase/(Decrease) in other current assets	874	(211)	926	(282)
Increase/(Decrease) in tax assets	(728)	2,306	(869)	2,044
Increase/(Decrease) in deferred tax assets	(21)	(1,595)	(204)	(1,532)
(Decrease)/Increase in trade and other payables	1,975	3,089	1,843	2,691
(Decrease)/Increase in employee benefits	668	2,241	709	2,275
(Decrease)/Increase in lease liability	(661)	(590)	(661)	(590)
(Decrease)/Increase in other provisions	15	16	15	16
Net cash from operating activities	32,638	19,853	28,289	24,098

During the reporting period, the Group modified the classification of integration and transformation costs and due diligence and transaction costs from finance activities to operating activities within the statement of cash flows to better reflect the nature of these expenditures. Comparative amounts in the statement of cash flows have been reclassified for consistency.

NOTE 36. EARNINGS PER SHARE

	Consolidated	
	2026 $'000	**2025 $'000**
Profit after income tax attributable to the owners of Australian Ethical Investment Limited	25,813	20,196

	Cents	**Cents**
Basic earnings per share	23.02	18.08
Diluted earnings per share	22.55	17.74

	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	112,130,749	111,720,362
Adjustments for calculation of diluted earnings per share:		
Deferred shares and rights	2,339,327	2,138,856
Weighted average number of ordinary shares used in calculating diluted earnings per share	114,470,076	113,859,218

Recognition and measurement

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Australian Ethical Investment Limited, 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 benefits).

NOTE 37. SHARE-BASED PAYMENTS

Share-based payments include shares issued to employees under the employee share plan (ESP), deferred short-term incentives (STI), and rights granted under the Executive long-term incentives plan (ELTI).

As at 30 June 2026, the Employee Share Trust holds 1,673,628 shares (30 June 2025: 1,659,899 shares) on behalf of employees until vesting conditions are met for ESP and STI plans.

In the current year, 410,304 shares (2025: 637,723 shares) were issued for grants under the Deferred ESP and STI plans. No shares were purchased on-market in the current year. The Board has discretion to decide whether to issue new shares or purchase shares.

NOTE 37. SHARE-BASED PAYMENTS (CONTINUED)

The below table provides a reconciliation of the number of deferred shares in the Employee Share Trust.

2025

Grant date	Vesting date	Balance at the start of the year	Granted	Vested	Forfeited	Balance at the end of the year
1/9/2021	31/8/2024	165,530	–	(164,734)	(796)	-
1/9/2022	31/8/2024	28,178	–	(28,178)	–	-
1/9/2022	31/8/2025	345,061	–	(2,016)	(29,330)	313,715
1/9/2023	31/8/2026	434,028	–	(1,899)	(65,964)	366,165
1/9/2023	31/8/2025	206,925	–	(32,036)	–	174,889
1/9/2024	31/8/2027	–	498,623	–	(38,271)	460,352
1/9/2024	31/8/2026	–	264,551	–	–	264,551
		1,179,722	763,174	(228,863)	(134,361)	1,579,672
Unallocated treasury shares						80,227
Total deferred shares in the Employee Share Trust at 30 June 2025						1,659,899

2026

Grant date	Vesting date	Balance at the start of the year	Granted	Vested	Forfeited	Balance at the end of the year
1/9/2022	31/8/2025	313,715	–	(313,715)	–	-
1/9/2023	31/8/2026	366,165	–	(12,469)	(24,617)	329,079
1/9/2023	31/8/2026	174,889	–	(25,408)	(17,379)	132,102
1/9/2024	31/8/2027	460,352	–	(6,747)	(55,781)	397,824
1/9/2024	31/8/2026	264,551	–	(38,236)	(14,810)	211,505
1/9/2025	31/8/2028	–	340,552	–	(26,085)	314,467
1/9/2025	31/8/2027	–	229,575	–	(6,747)	222,828
		1,579,672	570,127	(396,575)	(145,419)	1,607,805
Unallocated treasury shares						65,823
Total deferred shares in the Employee Share Trust at 30 June 2026						1,673,628

Recognition and measurement

Equity-settled transactions are awards of shares that are provided to employees in exchange for the rendering of services.

The grant-date fair value of equity-settled transactions are recognised as an employee expense over the vesting period with a corresponding increase in Share based payment reserve. Upon vesting, the employees become unconditionally entitled to the awards and the shares are transferred from the Share based payment reserve to Contributed equity.

The amount recognised as an expense is adjusted to reflect the number of awards for which the related performance and service conditions are expected to be met at the vesting date.

The following share-based payment arrangements existed as at 30 June 2026.

Deferred Shares - ESP

Under the Group's long-term incentive employee share plan (ESP), participants are granted shares annually based on a fixed percentage of their fixed remuneration. The number of shares that the participant receives is determined at the time of grant with the shares being held in trust. These shares are issued for nil consideration with the shares having voting rights and employees receive dividends over the vesting period. The deferred shares are subject to 3-year vesting periods after which time, the shares vest to the employee as ordinary shares. Vesting is subject to meeting specified performance criteria over the performance period, service hurdles and Board approval.

Included under employee benefits expense in the Consolidated Statement of Comprehensive Income is $1,644 thousand (2025: $1,206 thousand) relating to the deferred shares granted under the long-term employee share plan.

NOTE 37. SHARE-BASED PAYMENTS (CONTINUED)

Deferred Shares – STI

For certain employees a portion of their short-term incentive (STI) is also paid in deferred shares which vest subject to meeting service conditions. Depending on the grant, deferred STI shares have a 3-year vesting period and no further performance hurdles. All share vesting is subject to Board approval.

Included under employee benefits expense in the Consolidated Statement of Comprehensive Income is $1,161 thousand (2025: $1,350 thousand) relating to the deferred portion of the short-term incentive plan.

Executive Long-Term Incentives (ELTI)

The ELTI was introduced to retain key senior executives and provide reward for future outstanding performance.

The FY29 tranche comprises 312,615 hurdled 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.

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 Statement of Comprehensive Income is $995 thousand (2025: $209 thousand) for the executive long-term incentive plan rights.

The performance measures for the ELTI tranches granted in 2023, 2024 and 2025 are outlined below.

	Granted 1 December 2025	**Granted 1 December 2024**	**Granted 1 December 2023**
Performance measures	Financial measures: • 1/3 - net flows, including no more than 50% from M&A activity, over the 4-year vesting period of $4.2bn* • 1/3 - diluted earnings per share growth (hurdle 15%** CAGR, based on adjusted NPAT pre performance fees) • 1/3 - Total Shareholder Return (TSR) (hurdle of 10%*** CAGR)	Financial measures: • 50% - net flows, including no more than 50% from M&A activity, over the 4-year vesting period of $6.0bn • 25% - diluted earnings per share growth (hurdle 15%* CAGR, based on adjusted NPAT pre performance fees) • 25% - Total Shareholder Return (TSR) (hurdle of 10%** CAGR)	Financial measures: • Net flows, including no more than 50% from M&A activity, over the 4-year vesting period of $6.05bn • Underlying cost to income ratio of no more than 75%****
	Non-financial measures:^^^ • Exceed median NPS (Net Promoter Score) for Financial Services companies in Australia^ • Exceed median employee engagement score for financial services companies in Australia^^; and • Continued compliance with the aims of our Ethical Charter.	Non-financial measures:^^^ • Exceed median NPS (Net Promoter Score) for Financial Services companies in Australia^ • Exceed median employee engagement score for financial services companies in Australia^^; and • Continued compliance with the aims of our Ethical Charter.	Non-financial measures: • Exceed median NPS for Financial Services companies in Australia^ • Exceed median employee engagement score for financial services companies in Australia^^; and • Continued compliance with the aims of our Ethical Charter.
Vesting period	Four years, ending 30 June 2029	Four years, ending 30 June 2028	Four years, ending 30 June 2027

NOTE 37. SHARE-BASED PAYMENTS (CONTINUED)

* Rights that vest less than $3.4bn = 0% vesting. $3.4bn to $4.2bn = Straight-line vesting from 50% to 100% or above $4.2bn = 100% vesting. 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.
** CAGR is cumulative annual growth rate. For diluted earnings per share growth: Less than 10% CAGR = 0% vesting. 10% to 15% CAGR = Straight-line vesting from 50% to 100%. 15% or above CAGR = 100% vesting.
*** For TSR: Less than 7% CAGR = 0% vesting. 7% to 10% CAGR = Straight-line vesting from 50% to 100%. 10% or above CAGR = 100% vesting.
**** Based on achievement of the underlying cost to income ratio for the year in which the rights vest.
^ Achievement of at least median NPS. This includes NPS scores for both super and managed funds based on Investment Trends survey, or a comparable survey approved by the Board. NPS is to be monitored on an annual basis and KPI specifically references the results achieved in the financial year in which the rights vest.
^^ Achievement of at least median employee engagement score, based on Culture Amp Employee Engagement Survey based on employee responses to Say, Stay, Strive questions for the year in which the rights vest.
^^^ Moderator (Used as a downward moderator (only), applied by Board for non-compliance with any of the non-financial measures).

Additional details are available in the Remuneration Report on these employee incentive plans.

NOTE 38. RESULTS OF THE FOUNDATION

All income received and net assets including cash of The Foundation are restricted to The Foundation's activities and are not available for distribution to AEI's shareholders or to settle liabilities of other Group entities.

As at and for the year ended 30 June 2026, the impact of The Foundation before intercompany eliminations is noted below:

	2026 $'000	2025 $'000
Statement of comprehensive income		
Revenue from parent entity	3,360	2,804
Interest income	36	20
Grants to non-profit organisations	(3,050)	(2,358)
Employee benefits expense	(202)	(167)
Audit fees and other operating expenses	(69)	(41)
Profit/(loss) for the year	75	258
Other comprehensive income		
Fair value adjustment of investment	(3)	15
Total comprehensive income for the year	72	273

	2026 $'000	2025 $'000
Statement of financial position		
Assets:		
Cash and cash equivalents	49	58
Receivables from parent entity	3,360	2,804
Other receivables	17	–
Financial assets at fair value through profit or loss	69	74
Liabilities:		
Grants to non-profit organisations	(2,960)	(2,519)
Trade payables	(70)	(24)
Net assets	465	393
Equity:		
Retained earnings	451	376
FVOCI reserve	14	17
Total Equity	465	393

NOTE 39. CONTINGENT LIABILITIES

As of the 30 June 2026 there are no contingent liabilities (2025: Nil)

NOTE 40. EVENTS AFTER THE REPORTING PERIOD

Apart from the dividend declared as disclosed in Note 28, no other matter or circumstance has arisen since 30 June 2026 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.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Basis of preparation

This Consolidated Entity Disclosure Statement has been prepared in accordance with the Corporations Act (s.295(3A)(a)) and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Entity name	Body corporate, partnership or trust	Place incorporated / formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident	Jurisdiction for Foreign tax resident
Australian Ethical Investment Limited (the Company)	Body Corporate	Australia	-	Australian	-
Australian Ethical Superannuation Pty Limited*	Body Corporate	Australia	100%	Australian	-
Australian Ethical Foundation Limited**	Body Corporate	Australia	0%	Australian	-
Christian Super Pty Limited	Body Corporate	Australia	100%	Australian	-
August Investment Pty Limited	Body Corporate	Australia	100%	Australian	-
Australian Ethical Investment Limited Employee Share Plan Trust	Trust	Australia	n/a	Australian	-
American Ethical Investment PBC	Body Corporate	USA	100%	Foreign	USA

* Trustee of the Australian Ethical Retail Superannuation Fund.
**The Foundation share capital is held in trust for charitable organisations.

Key assumptions and judgements

Determination of Tax Residency

Section 295 (3A) of the Corporation Acts 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has adopted the following interpretations:

- **Australian tax residency**

  The consolidated entity has applied current legislation and judicial precedent, including having regards to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.
- **Foreign tax residency**

  The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency.

The Company and consolidated group do not operate any Partnerships or Branches (permanent establishments).

Directors' declaration

1. In the opinion of the directors of Australian Ethical Investment Limited (the 'Company'):
    a. the consolidated financial statements and notes that are set out on pages 54 to 86 and the Remuneration report in pages 26 to 52 in the Directors' report, are in accordance with the Corporations Act 2001, including:
        i. giving a true and fair view of the Group's Financial position as at 30 June 2026 and of its performance for the financial year ended on that date; and
        ii. complying with the Australian Accounting Standards and the Corporations Regulations 2001.
    b. the consolidated entity disclosure statement as at 30 June 2026 set out on page 87 is true and correct; and
    c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by section 295A of the Corporations Act 2001 for the chief executive officer and the chief financial officer for the year ended 30 June 2026.
3. The directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with the International Financial Reporting Standards.

Signed in accordance with a resolution of directors:

On behalf of the Directors

JOHN MCMURDO

Managing Director and Chief Executive Officer
Sydney
24 August 2026

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Independent Auditor's Report

To the shareholders of Australian Ethical Investment Limited

Report on the audits of the Financial Reports

Opinions

We have audited the consolidated ***Financial Report*** of Australian Ethical Investment Limited (the Group Financial Report). We have also audited the Financial Report of Australian Ethical Investment Limited (the Company Financial Report).

In our opinion, each of the accompanying Group Financial Report and Company Financial Report gives a true and fair view, of the ***Group's*** and of the ***Company's*** financial position as at 30 June 2026 and of their financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001.*

The respective ***Financial Reports*** of the Group and the Company comprise:

- Statements of financial position as at 30 June 2026
- Statements of comprehensive income, Statements of changes in equity, and Statements of cash flows for the year then ended
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2026;
- Notes, including material accounting policies; and
- Directors' Declaration.

The ***Group*** consists of Australian Ethical Investment Limited (the ***Company***) and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinions

We conducted our audits in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audits of the Financial Reports* section of our report.

We are independent of the Group and Company 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 the financial reports of public interest entities in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Management fees ($96.4m) and Administration fees ($24.1m) – Group; and Management fees ($75.8m), Administration fees ($22.2m) and Principal investment advisory fee ($9.9m) - Company	
Refer to Note 5 to the Group Financial Report and Company Financial Report	
The key audit matter	**How the matter was addressed in our audits**
Management fees, Administration fees and Principal investment advisory fee were a key audit matter due to the: • individual fee arrangements in place for each of the managed funds and the Australian Ethical Retail Superannuation Fund (the superannuation fund) which necessitated considerable audit effort; and • significance of the fees to the Group and Company, constituting 93% and 97% of the total revenue, respectively. Funds Under Management ("FUM") used in the calculation of fees is dependent on information sourced from third party service organisations being the custodian and the administrator. This required us to understand and assess the key processes and controls in determining the FUM, including that of the third party service organisations. -	Our procedures included: For Group and Company: • We assessed the appropriateness of the Group's and Company's accounting policies related to revenue recognition against the requirements of the Australian Accounting Standards and our understanding of the business and industry practice. • We read and understood the individual Management and Administration fee arrangements in the Product Disclosure Statements ("PDS") of each of the managed funds and the superannuation fund. • We performed a recalculation of Management and Administration fees charged using the fee percentages and FUM, obtained from each of the PDS and underlying fund financial records respectively as the basis for revenue recognition in accordance with the Group and Company's accounting policy. • We compared the independently calculated Management and Administration fee revenue to those of the Group and Company and investigated significant differences. • We assessed funds under management ("FUM") by: - testing key controls over the input of valuation data into the Group and Company's fund management system such as daily price movement checks performed by management; - reconciling daily FUM sent by the custodian to the FUM used by the Group and Company in

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	the calculation of revenue; - obtaining and reading the custodian and administrator service organisation's Guidance Statement 007 Audit Implications of the Use of Service Organisations for Investment Management Services assurance reports to understand the processes and assess the controls relevant to the determination of the FUM. - checking the quantity of assets held to external custodian service provider reports at balance date; and - using valuation specialists, testing the fair value of a sample of investments held by underlying funds by comparing the value to market data such as global and domestic equity prices. • We assessed the disclosures in the Financial Reports using our understanding obtained from our testing against the requirements of the accounting standards. For Company: • We read and understood the Management and Administration fee arrangements in the Investment Management and Trustee Service Agreements and the Principal Investment Advisory Agreement (collectively referred to as Agreements) between the Company and its subsidiary, Australian Ethical Superannuation Pty Limited (AES). • We performed a recalculation of the Management, Administration and the Principal Investment Advisory fees between the Company and AES, using the fee percentages obtained from the Agreements and FUM as a basis for revenue recognition in accordance with the Company’s accounting policy and compared the independently calculated fee revenue to the fee revenue recorded by the Company and investigated significant differences.

Other Information

Other Information is financial and non-financial information in Australian Ethical Investment Limited’s annual report which is provided in addition to the Financial Reports and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report and the Remuneration Report. The Our Theory of Change, Our journey Message from the CEO, Message from the Chair, FY26 highlights, CIO Report, Investment performance, Awards & recognition, Key Management Personnel, Sustainability highlights and Shareholder information of the Annual report are expected to be made available to us after the date of the Auditor's Report.

Our opinions on the Financial Reports do not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audits of the Financial Reports, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Reports or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Reports

The Directors are responsible for:

- preparing the Financial Reports in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of each of the Group and Company, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal controls to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of each of the Group and Company, and that is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audits of the Financial Reports

Our objective is:

- to obtain reasonable assurance about whether each of the Financial Reports as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinions.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audits of the Financial Reports is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our Auditor's Report.

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Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Australian Ethical Investment Limited for the year ended 30 June 2026, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 26 to 52 of the Directors' report for the year ended 30 June 2026.

Our responsibility is to express an opinion as to whether the Remuneration Report complies in all material respects with *Section 300A* of the *Corporations Act 2001*, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

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J Davis

Jessica Davis

Partner

Sydney

24 August 2026