ASX: AEF
25 August 2026

Australian Ethical Investment Limited
Full year financial results to 30 June 2026
ASX Announcement

AUSTRALIAN ETHICAL DELIVERS RECORD FY26 EARNINGS WHILE FURTHER IMPROVING OPERATING LEVERAGE

Australian Ethical Investment Limited (ASX: AEF) today announced record FY26 earnings, with UPAT attributable to shareholders increasing 15% to $27.3 million, and net profit after tax (NPAT) attributable to shareholders of $25.7 million, up 29%. Revenue was up 9% to $129.5 million.

The result was supported by FUM growth, positive organic net flows across multiple channels and continued operating leverage improvements.

Earnings quality continued to strengthen, supported by superannuation, which represents 72% of total FUM, and generates recurring contributions and positive net flows. This was complemented by contributions from newer growth engines being the middle-market and institutional channels.

The underlying cost to income ratio improved by 1.6 percentage points to 69.8%[1], while underlying diluted EPS increased 14% to 23.9 cents.

The directors have declared a fully franked final dividend of 10 cents per share, bringing total FY26 dividends to 18 cents per share, up 29%.

Note: All metrics relate to the year ended 30 June 2026 with comparisons to the year ended 30 June 2025, unless stated otherwise

Managing Director, John McMurdo said today:

"FY26 was a year of disciplined execution for Australian Ethical, delivering record earnings, key strategic milestones and continued business momentum.

"Australian Ethical continues to receive peer recognition through industry awards and accolades that reflect the strength of the business we have built, our investment capability, the quality of our customer experience, people, products and operating platform. Together these acknowledgements reinforce our position as one of Australia's leading purpose-driven financial services organisations.

"As we celebrate 40 years of Australian Ethical, I am incredibly proud of our strong results and quality team. We are a stronger, more diversified and more scalable business, with a trusted ethical brand and a clear strategy for sustainable future growth."

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

FY26 strategic highlights:

- Completion of the superannuation administration transition to GROW Inc, delivering cost efficiencies and a scalable digital platform for customer engagement and future growth
- Completion of the harmonisation of insurance, delivering a simpler, consistent member insurance offering
- Achieving top 3 NPS for superannuation[2] for the second year running
- Launched Private Markets Growth Opportunities Fund with cornerstone investment of $125 million from Clean Energy Finance Corporation (CEFC)
- Fully integrated Altius Fixed Income products under the Australian Ethical brand
- Strengthened the Private Markets, Ethics, Product, Governance and Equities teams including a dedicated Quantitative Strategies function
- Progressed the Investment Platform uplift with the final phase to be delivered in H1 FY27, delivering improved risk management and scalability, and underpinning future flows growth
- Maintained top quartile employee engagement[3]

Funds Under Management

FUM reached a record $14.5 billion at 30 June 2026. Organic net flows increased 13% to $664 million, driven by positive superannuation net flows of $527 million.

Superannuation net flows were supported by ongoing growth in the member base, record superannuation guarantee and end-of-financial-year voluntary contributions, as well as continued strong member retention rates.

Australian Ethical continues to benefit from the structural growth tailwind of compulsory superannuation guarantee contributions, which are largely independent of short-term market conditions. Following the completion of the administration transition and improvements to acquisition capability, new member joins increased by 20% in the second half of the year.

Australian Ethical's newer channels also made a meaningful contribution to growth, with middle-market net flows of $54 million and institutional net flows of $173 million.

Investment performance added $187 million to FUM during the year[4].

Revenue

Operating revenue increased 9% to $129.5 million, principally reflecting 11% growth in average FUM, partially offset by average revenue margin reduction from 0.92% in FY25 to 0.91% in FY26 – this was primarily due to the full-year inclusion of lower-margin Altius fixed-income FUM. Within superannuation, fee reductions were largely offset by the commencement of the insurance administration fee.

Expenses

As Australian Ethical continues to scale, operating leverage has seen further improvement. Underlying cost to income ratio (CTI) improved from 71.4% in FY25 to 69.8% in FY26.

Operating expenses[5] rose 7% to $90.4 million, reflecting continued investment in a scalable operating platform across people, technology, governance and product capability. These increases were partially

[2] Investment Trends Super Member Engagement Report 2025 & 2026
[3] Culture Amp Employee engagement survey June 2026. Top quartile for Financial Services Australia is 76% and above: cultureamp.com/science/insights/financial-services-Australia
[4] Reflects investment performance net of distributions and fees
[5] Underlying operating expenses excluding $2.3 million in non-underlying adjustments

offset by a decrease in fund-related expenses of 1% as a result of expense efficiencies from platform transformation initiatives.

Summary of Group profits	2026 $'000	2025 $'000
Net profit after tax (NPAT)	25,813	20,196
Less: Net profit after tax attributable to The Foundation	(75)	(258)
Net profit after tax attributable to shareholders	25,738	19,938
Adjustments:		
Other income (insurance recovery linked to transformation)	-	(629)
Integration & transformation costs	2,156	4,322
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

Final dividend
The Board declared a fully franked final dividend of 10 cents per share for the year ended 30 June 2026. The record date is 3 September 2026 with payment on 18 September 2026. This takes the full year dividend to 18 cents, up 29%.

Australian Ethical Foundation Limited
During the period, Australian Ethical allocated $3.4 million to the Australian Ethical Foundation for its future work supporting high impact, innovative charities in their work to combat climate change.

Consistent with Australian Ethical's constitutional commitment, 10 per cent of profits[6] are allocated to not-for-profit organisations.

Outlook
Positive net flows are expected to continue in FY27, supported by the strength of the superannuation business, and increasing momentum in the middle-market channel, underpinned by recent product innovation in private markets. 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 cost discipline remains a key priority. Australian Ethical is targeting FY27 underlying expense growth to remain below revenue growth (subject to market movements), while continuing to invest in strategic initiatives that support sustainable earnings growth. The company remains focused on balancing investment in future growth with continued operating leverage improvement over the medium term. The business is entering its next phase with a stronger, more scalable operating platform and enhanced cost flexibility.

Key areas of investment include the completion of the investment platform uplift program, exploration of a broader digital transformation program, continued product innovation, and further enhancements to member experience. These initiatives are expected to improve efficiency, deepen customer engagement, support acquisition and retention, and support continued positive net flows.

[6] Before deducting bonus and grant expense

Further, there is planned investment in governance transformation, including the completion of initiatives associated with the APRA licence conditions.

John McMurdo, Australian Ethical's Managing Director, concluded:

"We enter FY27 with confidence, supported by positive net flow momentum, multiple growth engines, greater earnings stability, a strong operating platform and clear strategic priorities.

"While we continue to operate in uncertain market conditions, we remain confident in our medium-term growth outlook. Our trusted ethical brand, strong balance sheet and resilient business model position Australian Ethical well to continue delivering long-term value for customers and shareholders."

This announcement is authorised by the Board.

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About Australian Ethical

Australian Ethical is one of Australia's leading ethical investment managers*. Since 1986, Australian Ethical has provided investors with investment management products that align with their values and provide long-term, risk adjusted returns. Investments are guided by the Australian Ethical Charter which shapes its ethical approach and underpins both its culture and its vision. Australian Ethical has $14.5 billion in funds under management across investments and superannuation. Visit: www.australianethical.com.au

*Please refer to https://www.australianethical.com.au/why-ae/investment/#awards for specific awards Australian Ethical has won, including the specific categories.