

## Appendix 4E

**For the year ended 30 June 2025**

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 2024)

	\$'000	Up / Down	% Movement
<b>Revenues from ordinary activities</b>	<b>119,384</b>	<b>up</b>	<b>19%</b>
<b>Net profit after tax</b>	<b>20,196</b>	<b>up</b>	<b>75%</b>
Add net profit after tax attributable to The Foundation	(258)		
<b>Net profit attributable to shareholders</b>	<b>19,938</b>	<b>up</b>	<b>68%</b>
Integration & transformation costs	4,322		
Other income (insurance cost recovery linked to transformation)	(629)		
Due diligence & transaction costs	1,719		
Amortisation of Altius intangibles	108		
Tax on adjustments	(1,656)		
<b>Underlying net profit after tax</b>	<b>23,802</b>	<b>up</b>	<b>29%</b>
Performance fee (net of bonus, tax and community grant impact)	-		
<b>Underlying net profit after tax (excluding performance fee)</b>	<b>23,802</b>	<b>up</b>	<b>29%</b>

	Cents per share	Franked cents per share	Franking level
<b>Dividend information</b>			
Interim 2025 dividend per share (paid 21 March 2025)	5	5	100%
Final 2025 dividend per share (to be paid 19 September 2025)	9	9	100%

### Final dividend dates

Ex-dividend date	3 September 2025
Record date	4 September 2025
Payment date	19 September 2025

	30 June 2025	30 June 2024
Net tangible assets per security	\$0.24	\$0.22
Net asset value per security	\$0.36	\$0.27

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

Additional Appendix 4E disclosure requirements can be found in the Directors' Report and the Annual Financial Report for the year ended 30 June 2025.

This report is based on the consolidated 2025 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 2025.



Australian Ethical Investment Limited and  
its Controlled Entities

# Annual Financial Report

30 JUNE 2025

Directors' Report	2
Remuneration Report	26
Auditor's Independence Declaration	53
Statements of comprehensive income	54
Statements of financial position	55
Statements of changes in equity	56
Statements of cash flows	58
Notes to the financial statements	59
Directors' declaration	89
Independent Auditor's Report	90

# Directors' Report

The directors present their 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') and the other entities the Company controlled at the end of, or during, the year ended 30 June 2025.

## 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



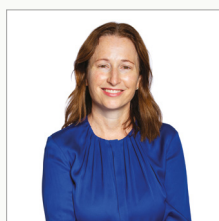
Steve chairs the People & Remuneration Committee and the Nominations Committee, is a Member of the Due Diligence Committee and the Australian Ethical Investment Limited and Australian Ethical Superannuation Pty Limited Audit, Risk & Compliance Committees and a Member of the Australian Ethical Superannuation Pty Limited Insurance and Benefits Committee. He is Chair of Australian Ethical Superannuation Pty Limited and Australian Ethical Foundation Limited.

Steve is also the Non-Executive Chair of Netlinkz 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.

### Kate Greenhill

**Non-Executive Director since 2013**

BEc, FCA, GAICD



Kate is Chair of the Australian Ethical Investment Limited and Australian Ethical Superannuation Pty Limited Audit, Risk & Compliance Committees and is a Member of the People & Remuneration Committee, and the Due Diligence Committee. Kate is a Director of Australian Ethical Superannuation Pty Limited and Australian Ethical Foundation Limited, and a Member of the Australian Ethical Superannuation Pty Limited Insurance and Benefits Committee.

Kate is a Fellow of the Institute of Chartered Accountants in Australia and a Graduate of the Australian Institute of Company Directors. Kate has over 30 years' experience in the financial services industry with extensive knowledge of finance and risk. As a former Partner with PwC, Kate has worked in both Australia and the UK, providing assurance and advisory services to clients. Kate is a Non-Executive Director, and Chair of the Audit, Risk and Compliance Committee of Integrated Research Limited and a Director and Chair of the Audit and Risk Management Group of Intersect Australia Ltd.



### **Julie Orr**

#### **Non-Executive Director since 2018**

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



Julie is a Member of the People & Remuneration Committee, the Nominations Committee, the Investment Committee, the Australian Ethical Investment Limited and Australian Ethical Superannuation Pty Limited Audit, Risk & Compliance Committees. 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 Insignia (formerly IOOF). 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 People & Remuneration Committee and 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 Workcover Queensland, the Sunshine Coast Hospital & Health Board, and was a former trustee and Chair of the Investment Committee of QSuper, leading up to its merger with SunSuper.

Sandra is a Non-Executive Director of Sydney Dance Company.

Sandra has also been on the Board of 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.

### **Richard Brandweiner**

#### **Non-Executive Director since 1 September 2024**

BEC, CFA



Richard is a Member of the Investment Committee (from 27 June 2025) and the People & Remuneration Committee (from 1 July 2025). Richard has spent 30 years working across all asset classes in the investment management industry. Most recently he was Chief Executive Officer of Pandal Australia (formerly BT) and prior to this was Chief Investment Officer of Aware Super (formerly First State Super) and Group Executive at Perpetual Investments. During this time, he contributed extensively to the industry's professional bodies by being President of CFA Society of Sydney and serving on a number of boards at the Financial Services Council and the Association of Superannuation Funds of Australia (ASFA).

Richard currently holds a range of non-executive director roles, including as Chair of Impact Investing Australia, Investment Committee Director of the Northern Territory Aboriginal Investment Corporation and as a member of the NSW Government Social Impact Expert Advisory Group and the Connexus Institute Advisory Group.

**Brian Bissaker****Non-Executive Director since  
15 April 2025**

BEc, FCA, GAICD



Brian is a Member of the People & Remuneration Committee. Brian has spent thirty years in leadership positions within the financial services sector spanning funds management, superannuation, life insurance and banking. During this time, Brian was the CEO of Colonial First State and CEO of Virgin Money Australia, an Executive Vice President at BT Funds Management and a Group Executive of the Bank of Queensland. He also served the sector on the boards of both the Financial Services Council and ASFA and held a position as Adjunct Professor of the University of Sydney Business School teaching in the Executive MBA program.

For the past eight years, he has held non-executive director positions on the boards of companies including Citigroup, MetLife Insurance, IMB Bank and MyState Bank. He is also the Chair of Monte Sant Angelo Mercy College, a leading private girl's school.

**John McMurdo****Chief Executive Officer and  
Managing Director since  
February 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****Mara Bün****Non-Executive Director until  
31 October 2024**

BA (Political Economy), GAICD

Mara was a Member of the People, Remuneration and Nominations Committee, the Investment Committee and the Australian Ethical Investment Limited and Australian Ethical Superannuation Pty Limited Audit, Risk & Compliance Committees. Mara was also Director of the Australian Ethical Superannuation Pty Limited. Mara continues as a Director of the Australian Ethical Foundation Limited.

**Company secretary****Karen Hughes**BSc (Hons), ACA (ICAEW), GAICD,  
FGIA

Karen is the Company Secretary and is also responsible for the Risk Management Framework at Australian Ethical. Karen has over 25 years' experience in risk and compliance in Australia and the UK.

## Principal activities

Australian Ethical Investment Ltd'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), acted 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 nearly 40 years our purpose has been to invest for a better world. We believe investing ethically can deliver both attractive investment returns 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 position 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 real-world impact through ethical investing.

# Year in review

We are all too aware that planetary boundaries continue to be breached while short-termism and performative politics dominate the headlines. Multiple global climate monitoring agencies<sup>1</sup> agree that 2024 was the hottest on record. In Australia, this played out as severe drought in Victoria and South Australia contrasted with rainfall volumes breaking previous records and repeated, devastating flooding on the mid-north coast of NSW.

It was a challenging year for investors as polarisation in the lead up to the US election and the escalating conflict in the Middle East and Eastern Europe fuelled volatility in investment markets. The new US Administration stoked further volatility with seesawing tariffs and other geopolitical plays. The ensuing uncertainty has impacted consumer confidence and hampered many companies' abilities to execute on their growth plans.

Even the technology sector was buffeted, with the "Magnificent 7" getting caught up in the April 2025 "Liberation Day" sell-off. Share prices of the world's largest listed technology companies have since rebounded, with NVIDIA's strong results despite trade restrictions a proof point that the Artificial Intelligence theme and associated capital spending boom is still alive and well.

A global 'anti-woke' backlash saw many US-based global financial leaders abandoning their previously stated commitments to climate, and to the principles of diversity, equity and inclusion (DEI)<sup>2</sup>. In fact, our investment and ethics teams had to step in to ensure our continued consideration of board diversity in investee companies when our proxy advisor deleted this criterion for the US market<sup>3</sup>.

In Australia, media and regulatory scrutiny of ESG-related claims led many investors to either water down or remain silent on their previous commitments to responsible investing for fear of being named and shamed. But as others have stepped back, we continue to press forward. We remain laser-focused on the challenges and opportunities represented by the transition to a low-carbon future, technological advancements and equity.

It is estimated that a "massive mobilisation" of capital – more than US\$6 trillion each year by 2030 – is needed to meet the Paris target<sup>4</sup>. Meanwhile Australia is on track to be the second largest super (pension) market in the world by 2030<sup>5</sup>. With this trajectory and its deep financial expertise, we believe Australia is well positioned to leverage this opportunity.

As ethical investors we are determined to play a leading role in this mobilisation. To that end we continued to build out the depth and breadth of our low-carbon, ethically screened product suite; advocate for policy clarity and certainty; and amplify our influence on Australian companies through our stewardship activities.

For decades our ethical investment approach has been delivering compelling results for our super members and investors in our managed funds<sup>6</sup>. In September 2024, we celebrated 30 years of our Australian Shares Fund (retail). Over the three decades to 30 June 2025 the Fund delivered a 9.7% annualised return net of fees, comfortably beating its benchmark<sup>7</sup>. In June 2025, we celebrated 10 years of our Emerging Companies Fund which has delivered 12.2% returns p.a. compared to its benchmark<sup>8</sup> of 6.8% p.a. since it was launched<sup>9</sup>.

<sup>1</sup> <https://www.nasa.gov/news-release/temperatures-rising-nasa-confirms-2024-warmest-year-on-record/>; <https://wmo.int/news/media-centre/wmo-confirms-2024-warmest-year-record-about-155degc-above-pre-industrial-level>

<sup>2</sup> <https://sustainability-news.net/climate-nature/climate-alliance-exodus-banks-abandon-net-zero-pledges/>; <https://esgnews.com/major-banks-reduce-public-dei-commitments>

<sup>3</sup> <https://insights.issgovernance.com/posts/statement-regarding-consideration-of-diversity-factors-in-u-s-director-election-assessments/>

<sup>4</sup> <https://www.unsw.edu.au/news/2025/05/can-sharper-financial-tools-give-australia-an-edge-in-the-global-greenrace?>; <https://www.lse.ac.uk/granthaminstitute/publication/raising-ambition-and-accelerating-delivery-of-climate-finance/>

<sup>5</sup> [www.theactuary.com/news/2025/02/20/global-pension-assets-climb-record-high](https://www.theactuary.com/news/2025/02/20/global-pension-assets-climb-record-high)

<sup>6</sup> Performance information is correct as at 30 June 2025. Past performance is not a reliable indicator of future performance. Ratings or investment returns are only one factor you should consider when deciding how to invest. For more information about managed fund performance see: <https://www.australianethical.com.au/managed-funds/performance-and-prices/> and for super see: <https://www.australianethical.com.au/super/performance-and-prices/>

<sup>7</sup> Benchmark over 30 years: Since 30 September 2023 - 65% of the S&P/ASX100 Accumulation Index & 35% S&P/ASX Small Ordinaries Accumulation Index; 13 August 2019 to 30 September 2023 - S&P/ASX 300 Accum Index; prior to 13 Aug 2019 - S&P/ASX Small Industrials Index. The historical Benchmark returns are calculated by linking these indices and this delivered 7.5% return net of fees over the same period.

<sup>8</sup> Benchmark over 10 years: S&P/ASX Small Industrials

<sup>9</sup> Past performance is not a reliable indicator of future performance.

In addition to our resilient performance over the longer term, it was pleasing that all our Multi-Asset investment options for super members outperformed their respective performance targets after fees and taxes over one-year. In the period our Balanced (accumulation) super option delivered 10.5%, our Conservative option 6.2%, Defensive option 3.9%, Growth option 11.5% and our High Growth option 12.8%. Over the 10-year period the same options also outperformed their respective performance targets, except for the Conservative option which fell short by 0.7% p.a. and the Defensive option which met its performance target.<sup>10</sup>

While we always encourage our super members to focus on long rather than short-term returns, these results demonstrate how ethical investment can generate healthy returns while enabling our members to invest in line with their values.

## Review of operations

Our business's strong financial performance in FY25 was achieved through both organic and inorganic successes, reflecting disciplined strategic execution and resilience in the face of ongoing market uncertainty.

During the period, our Funds Under Management (FUM) increased to \$13.94 billion, representing a 34% lift on FY24. This growth has been underpinned by strong investment performance of \$1.05 billion, positive net flows of \$0.52 billion, and the acquisition of the Altius business which added \$1.93 billion.

Positive net flows were predominantly in our superannuation business with mandatory superannuation guarantee contributions providing a resilient source of ongoing inflows. Our relatively new values-aligned channel also recorded pleasing net flows as we welcomed a number of significant new clients.

Despite volatile market conditions, we have continued to create value for shareholders. Over the three years to 30 June 2025, we delivered a Total Shareholder Return (TSR) of 47%. In FY25, total dividends increased by 56% to 14 cents per share, reflecting stronger earnings and

our commitment to disciplined capital management while preserving balance sheet strength. Our underlying operating leverage improved further during the year supported by increased scale and careful cost discipline.

These strong results achieved during FY25 reinforce the strength of our strategy, our ongoing focus on delivering long-term sustainable returns, and our ability to grow responsibly while adapting to evolving market conditions.

During the year, we have continued to win awards and receive recognition from key stakeholders. Our business was again recognised as the 'Financial Services Growth Company of the Year 2024' in The Australian Growth Companies Award; and we were again recognised as a 'Responsible Investment Leader' by the Responsible Investment Association of Australasia (RIAA)<sup>11</sup>.

During the period the Australian Ethical Super Fund was named the 'Sustainable Fund of the Year' in the Super Review Super Fund of the Year Awards 2025; and the 'Sustainable Fund of the Year 2025' by SuperRatings. The pension product was rated as the 'Best ESG Pension Product' by Money Magazine in its Best of the Best for 2025. The fund received Rainmaker's 'AAA Quality Rating' for the fourth year in a row; and for the third year running was recognised with the 'ESG Leader Award' by Rainmaker. All Australian Ethical's super options are certified Sustainable Plus by the Responsible Investment Association of Australasia (RIAA).

On the managed funds side of the business, our Multi-Asset funds were upgraded to 'Recommended' by both Zenith and Lonsec; the Australian Ethical/Altius Green Bond Fund and Sustainable Bond Fund also received a 'Recommended' rating from Zenith; and for the second year our Australian Shares Fund was named 'Best Ethical Overseas Fund' in New Zealand's Mindful Money Awards.

<sup>10</sup> Performance for each of the Multi Asset superannuation options over 1 and 10 years compared to benchmark is as follows: High Growth: 12 months is 12.8%, 10 year is 8.4% p.a. and benchmark is CPI+ 4.25% (after fees and taxes), min investment timeframe 10 years; Growth: 12 months is 11.5%, 10 years is 7.5% p.a. and benchmark is CPI +3.75% (after fees and taxes), min investment timeframe is 9 years; Balanced (accumulation): 12 months is 10.5%, 10 years is 6.8% p.a. and benchmark is CPI +3.25% (after fees and taxes), min investment timeframe is 8 years; Conservative: 12 months is 6.2%, 10 years is 3.1% p.a. and benchmark is CPI+1.25% (after fees and taxes), min investment timeframe is 4 years; Defensive: 12 months is 3.9%, 10 years is 1.4% p.a. and benchmark is Bloomberg AusBond Bank Bill Index (before fees and taxes) over 1 year period, min investment timeframe is 1 year.

<sup>11</sup> Australian Ethical was recognised as a Responsible Investment Leader 2024 by the Responsible Investment Association Australasia (RIAA). This means we are placed in the top 20% of organisations assessed, demonstrating leading practice in our commitment to responsible investing; our explicit consideration of environmental, social and governance factors in investment decision making; our strong and collaborative stewardship; and our transparency in reporting activity, including the societal and environmental outcomes being achieved.



# The next phase of our growth agenda

Over the last five years we have focused on building a robust, efficient and resilient operating platform to support the continued growth of our business.

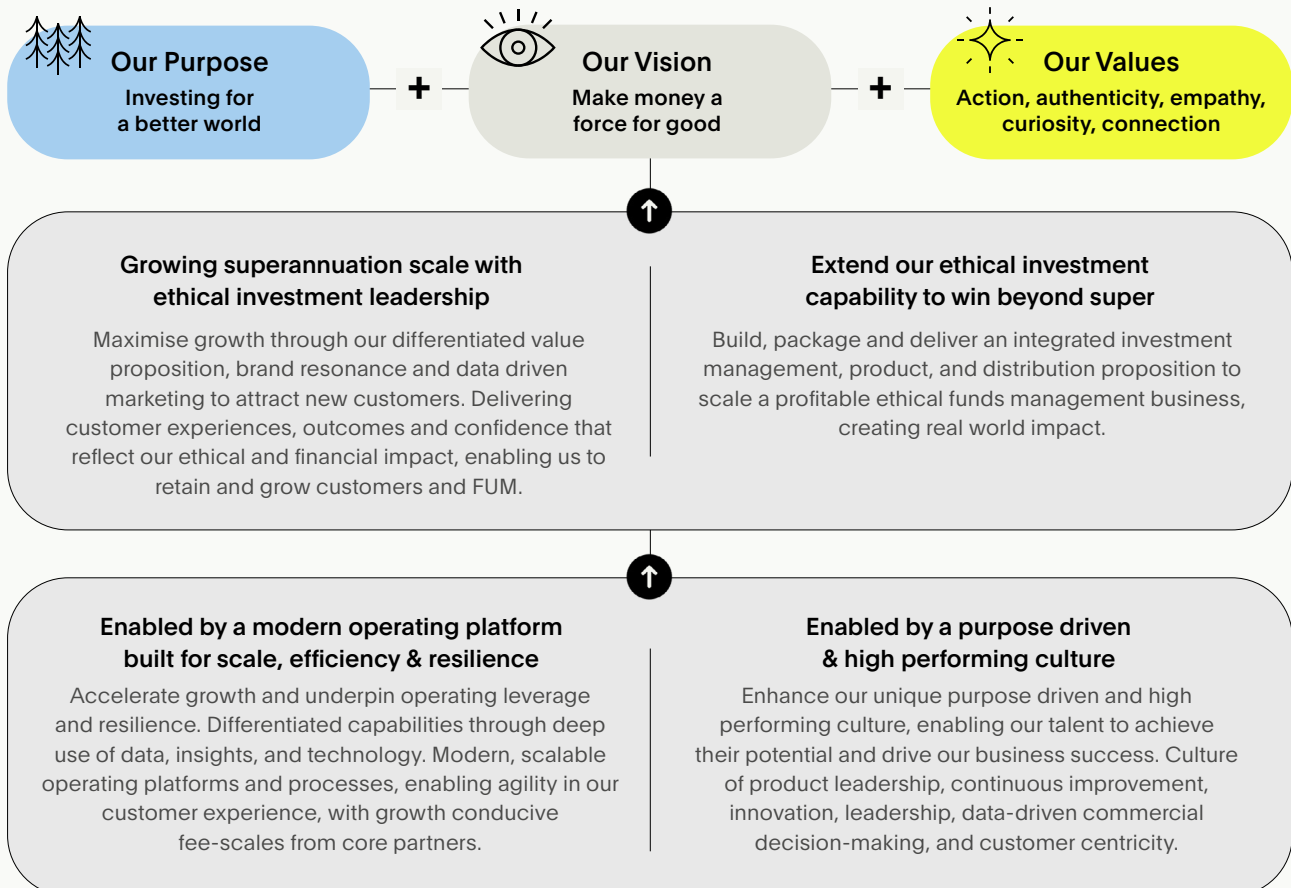
The transition of most of our superannuation members to the GROW Inc platform and the transition of our custody services to State Street were two major milestones in the reporting period. Though there were short term challenges for member experience and acquisition rates during the move to GROW Inc, the resulting solution will deliver benefits to members and our business well beyond this year. At the same time, we have expanded our investment capabilities to cover an even broader array of future focused asset classes expanding our fixed income and private markets capability.

We are very proud of these achievements, along with the high-performance and purpose-led culture which has enabled this success.

We now stand ready to take the next step in our growth journey and as such are aligning our strategy and operating structure to support ongoing improvements to customer experience and growth across both our superannuation and investment management revenue streams.

From 1 July 2025, we created a new operating structure in our business led by two of our most experienced executives. These appointments are a decisive step in executing Australian Ethical's strategy, which is focused on scaling impact, deepening customer value, and unlocking operating leverage across both business lines. With a continued focus on building a modern, resilient operating platform, the business is now extremely well positioned to deliver ongoing improvements to customer experience and outcomes and profitable growth, all while continuing to strengthen its leadership in ethical investing.

## Growing with a clear, consistent and disciplined strategy



## Growing superannuation scale with ethical investment leadership

Among the exciting recent developments in our superannuation business was the appointment of Maria Loyez as Group Executive of Superannuation from 1 July 2025. Since 2020 Maria has been Australian Ethical's Chief Customer Officer, responsible for the growth of profitable FUM across all channels. Focusing on Super will enable Maria to enhance our customer value proposition for this foundational segment. She will continue to lead brand development and leverage our enhanced data-driven marketing capability to engage existing and attract new super members. Her remit includes the delivery of uplifted member experiences that demonstrate both ethical and financial impact to build customer confidence and enhance retention.

Our super FUM grew 15% over the year, bolstered by positive net flows in the period of \$514 million. In a sector where a number of significant retail funds are in net outflow<sup>12</sup>, our continued growth is aided by our differentiated brand position and our effective direct marketing capability.

Australian Ethical benefits from a distinctive, purpose-led and attractive retail brand and awareness of our brand is fundamental to our growth. In February we launched a campaign designed specifically to invite Australians to question whether their own super is as aligned to their values as they think. Together with our work at the beginning of FY25, the campaign has served to build prompted brand awareness among our target market from 11.3% to 22.2% and brand consideration from 3.8% to 7.9% over the financial year<sup>13</sup>. This increased consideration in our target market is a lead indicator for future engagement and acquisition.

Our efforts seem to be hitting the mark. We were winners of the 'NEO Financial Partner of the Year 2025' in the inaugural NEO Brand Awards with a score of 9.5 out of 10. According to Dr. Ross Honeywill, "NEO customers are values-led, emotionally intelligent and future focused. They gravitate towards brands that may not yet dominate market share, but are rich in cultural signals, originality and purpose. They may only represent a quarter of the population, but they represent half of all consumer spending"<sup>14</sup>.

To further improve our members' experience of key touch points, we commenced the insourcing of insurance claims and complaints handling at the beginning of FY25, hiring a dedicated team to provide members with the care and support required during these moments. The commitment to the swift and

satisfactory resolution of claims and complaints has delivered a strong improvement in claims handling times. Under our previous administration model 22% of death claims were resolved in less than 90 days. Today with our insourced model, 68.4% of death claims are resolved within the same timeframe and our intention is to build on this over the coming year.

We are working with our insurer, MetLife on a plan to roll out the same insurance cover across both the former Christian Super and Australian Ethical member bases. When the rollout is complete, the standard Default Cover will represent better value for money for the vast majority of members. We also reduced the super administration fees and are introducing an insurance administration fee from 1 August 2025 to ensure the costs of insurance administration are better aligned with the member services provided. We continued to pass on the benefits of our growing scale through fee reductions for our Growth and High Growth super options earlier in the period.

## Extend our ethical investment capability to win beyond super

Over the last 12 months we have expanded and optimised our range of Ethical Charter-aligned funds with the addition of the Altius Sustainable Bond Fund, Altius Green Bond Fund and Altius Sustainable Short Term Income Fund, which help cater for an even broader range of portfolio requirements and risk appetites. This has enabled us to better serve values-aligned institutions, managed fund clients, advisers and our super members alike. As we have built out our enhanced back, middle and front office capability, even more of our funds received 'Recommended' ratings this year, preparing us to accelerate growth into next year.

To lead this ambition, from 1 July 2025, our CIO Ludo Theau has taken on the additional role of Group Executive Investment Management with accountability for the profitable growth of our ethical investment management business.

Ludo and his team, including Leah Willis, Head of Distribution and Sanda Kanan, Head of Product, have begun developing the strategy to catalyse the continued growth of our investment management business. This exciting piece of work will define how we will build, package and deliver an integrated investment management, product and distribution proposition to further scale our profitable ethical funds management business and continue to contribute to real-world impact.

<sup>12</sup> KPMG 2025 Super Insights Report, published May 2025, using statistics from APRA and ATO as at 30 June 2024. <https://assets.kpmg.com/content/dam/kpmg/au/pdf/2025/super-insights-2025.pdf>

<sup>13</sup> YouGov Brand Health Index, July 2025

<sup>14</sup> <https://www.roymorgan.com/findings/2025-neo-brand-awards>

During the year Ludo significantly boosted the capability of the investment leadership team. The acquisition of the Altius Asset Management team in September 2024 resulted in Bill Bovingdon and Gavin Goodhand joining the team and are now leading the fixed income portfolio of products. Adam Roberts who joined as Head of Private Markets in June 2024 has led a material upgrade to our Private Markets portfolio, with a number of new investments including the Repurpose It recycling co-investment; the Quay Street Build to Rent platform; Aligned Data Centres in the United States, with a commitment to 100% renewable power in the US; and an investment in For Purpose Aged Care in Australia.

Most recently Nathan Parkin joined the team as Head of Equities in June 2025. Nathan brings more than 30 years' experience in Australian financial markets, including as Deputy Head of Equities at Perpetual Investment where he managed up to \$6.5 billion in Australian equities portfolios, and as Investment Director and co-founder of Ethical Partners Funds Management. In this role, Nathan will lead Australian Ethical's high-performing equities team, manage the Emerging Companies' Portfolio and contribute to furthering the development of the firm's global and local equities strategies, product offering, and support on the expansion of distribution activity.

During the period John Woods, Deputy CIO and Head of Multi-Asset, led the team to secure 'Recommended' ratings for all Multi-Asset funds from both Lonsec and Zenith, enhancing our growing reputation among advisers.

Indeed, our Multi-Asset team successfully established our new Multi-Manager International Share Fund (MMISF) with Man Numeric as the foundation manager. We were also delighted to be cornerstone investors in Climate Tech Partners newly established venture capital platform. The platform is dedicated to directing capital to emerging companies in energy and climate tech that will shape a net zero tomorrow.

The Impact & Ethics team continued to expand the universe of investable ethical investments to enable such initiatives. Key achievements in the period were the development of an Impact Investment framework for Private Markets and the ethical assessment of the underlying assets of two active, global equities mandates.

We've deepened the insights provided in our quarterly investment commentary, to enhance its value for advisors and investors. This has contributed to stronger adviser brand metrics, including a significant uplift in the perception of our investment expertise from 34% in 2023 to 59% this year, also claiming the top spot for NPS against a benchmark peer set of active Australian small and mid-cap managers<sup>15</sup>.

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

We have continued to build out the integrated components of our new operating platform. This platform is designed to leverage our leading ethical investment management capabilities; using data and technology to digitalise, remove friction and further enhance super member and investment customer experience; and create efficiencies that continue to enable scalable, cost-effective growth.

We have completed the bulk of work on our back-office upgrades including the transfer of custodian and investment administration services to State Street Australia Limited. We have also commenced the staged rollout of the Charles River Investment Management System and Alpha Data Platform. These capabilities combine to help investment professionals streamline investment lifecycle processes from portfolio construction and risk management, through to trading and settlement. The staged rollout is underway with Fixed Income funds completed in the March quarter. This will be followed by Fixed Income mandates, Equities and the Multi-Asset funds in FY26.

In FY25 we completed the first tranche of our superannuation administration transition from Mercer to GROW Inc. with a smaller cohort of members still supported by MUFG Pension & Market Services (MUFG) planned to transition in FY26. We have also made good progress on building our data analytics capability and cloud-based data platform. This has already been integrated with the GROW Inc administration system, providing timely data for analytics and reporting purposes. This new data platform, analytics, AI and machine learning capability will enable us to improve our marketing effectiveness, member engagement and customer retention.

Along with strengthening and scaling our operating platform, these transformational initiatives have started to yield cost savings for our business. The transition to GROW Inc for example has delivered a platform for enhanced member services at the same time as delivering operational savings of approximately \$3 million per annum — via a compelling new rate card. While we have already passed on some of the economies of scale and cost savings from this program to members via fee reductions, ongoing cost savings will support further enhancements in our member benefits, services, product features and future fee reductions.

<sup>15</sup> CoreData Research: Bi-Annual Tracker Report; Q1 2025

## Enabled by a purpose driven & high performing culture

Our purpose driven and high performing culture is the foundation of our success. In FY25 we continued to support our employees to achieve their potential through targeted development and training opportunities. A keystone of this support is our People Leader Forum and Leadership Development Program which have been designed to build confident, capable, and resilient leaders, by equipping them with the tools and mindset to lead with purpose, navigate complexity, and foster high-performing, inclusive teams.

We continue to nurture our purpose-led culture through our regular townhalls, annual AEx Week and quarterly awards recognising behaviours aligned to both our values and business excellence criteria. Our quarterly recognition awards are of particular importance to our culture, celebrating the people who bring our values to life every day. In the period, nearly 60% of our employee population received nominations from their colleagues for successfully living our values and delivering business excellence.

## Diversity, equity & inclusion

In line with our values, we supported our employees as they participated in a number of awareness activities during the year including RUOK? Day and the Black Dog Institute's One Foot Forward initiative, where 76 employees walked and ran a total of 6,611 km to raise \$9,508.

In February 2025 we published our gender pay gap employer statement for the 2023-2024 period and in May 2025 submitted our Workplace Gender Equality Agency (WGEA) report for the 2024-2025 period, reaffirming our commitment to a diverse, equitable, and inclusive workplace. We continue to maintain a strong gender balance across our Board, Leadership, and Investment teams, with targeted policies and actions to close our pay gap and build representation in all roles.

Our average total remuneration gender pay gap improved slightly year on year from 12.1% to 11.7%, we therefore remain well positioned against the finance sector average. However, due to changes in gender composition resulting from new hires in the investment team during the period, we did not see the same improvement in our median pay and base salary figures. In this period we became signatories to 40:40 Vision, an investor-led initiative dedicated to achieving gender balance in executive leadership within Australia's largest listed companies.

## Employee engagement

In June 2025, 78% of our employees completed the employee engagement survey. Our overall engagement score was 76% which came in just under the top quartile of Australian Financial Services companies<sup>16</sup>. Highlights from the survey included:

- 91% of respondents answered favourably to "I am proud to work for Australian Ethical"
- 86% of respondents affirmed "I would recommend Australian Ethical as a great place to work".
- 99% of respondents to the employee engagement survey agreed "Australian Ethical's commitment to social responsibility (e.g. community support, sustainability, etc.) is genuine".
- 92% of respondents affirmed "I understand how my work contributes to Australian Ethical's strategy and business plan".

The survey also provided valuable insight into areas for improvement. Given the significant projects delivered and milestones achieved in the period, areas for improvement related to resource allocation, time management and workload. We have a number of initiatives underway in FY26 to address this feedback.

## Reconciliation

As part of our ongoing commitment to reconciliation, we hosted Karrina Nolan, Executive Director of Original Power, during National Reconciliation Week. A Yorta Yorta woman and advocate for First Nations self-determination, clean energy, and climate justice, Karrina's insights strongly aligned with our Reconciliation Action Plan (RAP) and our enduring partnership with Original Power as an Australian Ethical Foundation grantee. Together, we've supported impactful initiatives such as the First Nations Clean Energy Network and Australia's first 100% First Nations-owned solar microgrid reflecting our shared vision for a more just, inclusive, and sustainable future.

<sup>16</sup> Culture Amp Employee engagement survey June 2025. Top quartile for Financial Services Australia is 77% and above: [cultureamp.com/science/insights/financial-services-australia](https://cultureamp.com/science/insights/financial-services-australia)



## Growing our scale amplifies our impact

We believe that money should be a force for good. We are building our business to enable robust, sustainable growth that delivers value for all our stakeholders, profitability for our business and the potential to have even greater real-world impact.

Stewardship is one key means for driving impact. Our stewardship priorities include the critical need to halt financing for fossil fuel expansion. To this end, we continued to engage both publicly and privately with two of our investee companies, Westpac and NAB and stepped-up our engagement with Macquarie Group. Given the economy-wide reach of our major banks, we see the climate expectations they set for themselves and their customers as key levers in the acceleration of Australia's transition to a low-carbon economy. A climate proposal we co-filed at Westpac's AGM, one which received strong investor support, encouraged Westpac to release additional climate disclosures. When this additional disclosure revealed gaps, our Chief Impact & Ethics Officer Alison George was quoted on the front page of the Australian Financial Review, highlighting these issues.

Insurers are also critical to a just transition and their business models are already deeply affected by climate change. It is hard to fathom how insurers such as QBE can continue to underwrite fossil fuel projects without restriction, while the climate crisis pushes premiums ever higher. Homes in flood and fire-prone areas have been subject to huge insurance cost increases, and in some cases, homes have been deemed uninsurable as climate-driven disasters hit more frequently and with greater intensity.

Our Ethical Stewardship Lead Amanda Richman challenged QBE's Chair and directors at their AGM, exposing contradictions in its climate approach. Her advocacy was amplified through media coverage and a podcast appearance, and she collaborated with our content team to engage customers via social media.

Alison George identified and raised concerns about proposed amendments to global climate disclosure standards that would exempt investment banks and insurers from reporting emissions intensity of their customer books. Her commentary gained traction across trade and social media. With several influential groups echoing our position in their submissions to the regulator, we are optimistic about seeing the amendment withdrawn.

In addition to media traction, our efforts to advance climate progress were recognised through industry accolades and appointments. Persephone Fraser, a senior member of our Impact & Ethics team, received the IGCC Climate Leaders' Award in the 'Best in Corporate Engagement' category, acknowledging her leadership in driving effective climate-focused corporate advocacy.

Further reflecting our commitment to responsible investment, Natalie Tam CFA, Portfolio Manager – Systematic Equities, was appointed to the Listed Equity Advisory Committee of the Principles for Responsible Investment (PRI), a global investor initiative in partnership with the UN Environment Programme Finance Initiative and the UN Global Compact. This appointment strengthens our influence in shaping global standards for ESG integration across public equity markets.

We continued to engage with the supermarkets on deforestation in their supply chains. In FY25 Woolworths announced a 'no-deforestation' commitment for their beef supply chain consistent with our engagement asks. A Coles spokesperson has also confirmed the supermarket is developing a formal commitment through the Science Based Targets initiative to eliminate deforestation from its supply chains. This follows the announcements made by Woolworths and ALDI in 2024, setting 'no-deforestation' and 'no-conversion' (of natural ecosystems) commitments respectively.

We also continue to engage with the supermarkets on farmed salmon sourcing. We are one of the few investors calling for substantive action on farmed salmon, rather than merely increased disclosure, consistent with our longstanding view that fish farming cannot be considered sustainable.

## The Australian Ethical Foundation

In FY25, we allocated a record \$2.8 million to the Australian Ethical Foundation, enabling deeper support for climate and nature-positive initiatives. This record-breaking year brings our total donations to over \$13 million since 2010.

Kate Saunders joined as Head of Foundation in August 2024. Kate has a background in finance and investment banking, as well as extensive experience in philanthropy and impact investing, and has also worked in various inhouse and advisory roles for not-for-profits and social enterprises.

Following The Foundation Board approval of the 2025–27 strategy last financial year, The Foundation has further refined its focus with the aim of deepening its impact. Going forward, it will seek to prioritise place-based nature solutions, climate justice, and resilience, as well as unlocking capital for nature restoration — seeking catalytic, systems-change opportunities and partnering with other funders and charitable organisations to amplify impact.

# Financial performance

Over the last five years we have been executing on our growth strategy — building out our investment team capability, expanding the breadth and depth of our expertise across asset classes and improving our customer experience, while investing in our brand to ensure that investors understand our unique difference. Further we have been upgrading our technology platform and business infrastructure to ensure we can support a much larger business. In addition, through the targeted and diligent selection and appointment of new service providers, we have successfully reduced our customer servicing costs, and after the initial disruption, embedded what we believe is an enhanced customer service solution.

The FY25 results are a strong proof point that our strategy is delivering, with FUM growing 34%, revenue growing 19% and underlying profit growing 29%. Further, we have seen an improvement in operating leverage with underlying cost to income (CTI) ratio improving from 73.7% to 71.4%. These are strong financial metrics that we are very proud of. During FY25 we have also delivered a number of key milestones on our transformational programs as part of the execution of our growth strategy.

## Profit

Underlying profit after tax was \$23.8 million, up 29% compared to the prior corresponding period. This was after excluding integration and transformation costs relating to the transition of administration services from Mercer and planning for MUFG to GROW Inc, due diligence and transaction costs relating to the acquisition of the Altius business and other inorganic opportunities, and the amortisation of Altius intangibles.

The net profit after tax attributable to shareholders was \$19.9 million, up 68% compared to the \$11.8 million in FY24. The net profit after tax for the Group amounted to \$20.2 million, which includes consolidating The Foundation's activities. The strong growth in our FUM, our increased scale, the acquisition of the Altius business, along with effective cost management have contributed to the continued improvement in operating leverage and underlying profit increase.

## Revenue

Revenue of \$119.4 million was 19% up on the year, driven by average FUM growth, partially offset by lower average blended revenue margin due to changes in product mix, predominantly driven by the Altius acquisition, and fee reductions on two of our super options. Average FUM growth was underpinned by continued positive net flows, strong investment performance and the acquisition of the Altius business. Average FUM grew 31% in FY25.

As expected, our overall fee margin has naturally reduced reflecting the impact of the lower margin fixed income funds following the acquisition of the Altius business in late September 2024. In October 2024 we reduced fees for our Growth and High Growth super options. Further, from 1 August 2025, the super administration fee was reduced by one basis point across all options. The average revenue margin across all products was 0.92% in FY25 compared to 1.02% for the full year FY24.

Other revenue includes cost-recovery from MetLife to assist with insurance harmonisation work (a stream of the administration platform consolidation). This revenue has been excluded from underlying profit.

## 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 due to the completion of key transformational programs. These include the transition of Mercer administration services to GROW Inc and the transition of custody services to State Street. Pleasingly the positive commercial impacts of these programs are evident in our FY25 results, along with enhancements in member experience through a more modern technology platform, as well as through the insourcing of complaints and claims handling.

Operating expenses, excluding \$6.1 million in non-underlying UPAT adjustments, increased by 13.6% compared to FY24. The expense growth was driven predominantly by employee expenses – as we have further built out capability including the onboarding of the Altius team to enhance our Fixed Income capability. Furthermore, continued FUM growth and enhancements to our Investment Management platform has driven higher volume-based fund-related expenses (albeit at a lower rate than revenue growth due to unit cost savings).

As we continue to grow our business both organically and inorganically, we are seeing further improvements in operating leverage, with FY25 underlying CTI of 71.4% compared to 73.7% in FY24. CTI excludes integration and transformation costs, due diligence & transaction costs, and the Australian Ethical Foundation.

Key drivers of the operating expense increase include:

### Employee expenses

- Employee expenses increased 16% compared to prior year.
- During the period, we further enhanced our capability including the onboarding of the six-person Altius team. Altius drove 5% of the 16% increase in employee expenses. The increase in employee expense also reflects the run rate of key hires in FY24 (5%), with inflationary salary increases, superannuation guarantee increases and other employee expense increases contributing the remaining 6% of the variance.
- FTE were 138 at 30 June 2025, compared to 125 at 30 June 2024. This excludes fixed term contractors working on strategic projects and eight replacement vacancies at 30 June 2025 which are currently in recruitment. Australian Ethical's employee base includes 16 FTE working in our dedicated internal contact centre, a function that was insourced in FY21 to enhance our member service interactions.

### Fund-related expenses

- Overall, fund-related expenses increased 20%, compared to revenue growth of 19% and average FUM growth of 31%.
- The benefits of the new commercial rate cards following the transitions to GROW Inc for superannuation fund administration and State Street for custody and investment administration services have favourably impacted the year-on-year fund related expense growth, with the administration and custody fees component decreasing 4% over the period.
- Other drivers of the increase in fund-related expenses include:
  - FUM and transaction volume growth
  - The acquisition of Altius
  - Increases in regulatory and industry body fees following the continued growth of the business
  - Projects 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 and ratings. This initiative also resulted in an increase in investment system (licencing) costs which are included in fund-related expenses

### Marketing expenses

- The first half of FY25 saw the scale-back of marketing campaigns during the limited-services period relating to the super administration transition to GROW Inc. During the second half of the year, marketing and brand campaigns resumed, and as such, marketing expenditure was weighted to the second half, as previously indicated.
- Overall, FY25 marketing costs increased 5% year on year, which was driven primarily by:
  - higher brand spend as we drove greater brand awareness as part of our strategy.
  - partially offset by reduced distribution spend following the rationalisation of partnerships with HR platforms<sup>17</sup> – additional HR platform cost savings were also achieved following a renegotiation of the rate card.
  - the reduction in distribution spend was partially tempered by higher digital acquisition costs for our superannuation product. Higher digital costs are a largely a result of an increasingly competitive market pushing up the price of Google and other superannuation-related search terms.

### IT expenses

IT expenses increased 10% compared to the prior year. As we build a strengthened, more efficient and resilient operating platform, and as our business grows, our investment in technology has increased. We continued to improve our cloud and digital capability, and cybersecurity defences with further investment in FY25.

### External services

External services costs decreased 17% compared to the prior year as a result of lower recruitment and consulting costs.

<sup>17</sup> HR platforms provide onboarding services for small to medium businesses and are therefore a distribution opportunity for super funds.

# Funds under management

FY25 saw Australian Ethical reach a new record in funds under management (FUM) of \$13.94 billion at 30 June 2025, reflecting 34% growth on 30 June 2024. This growth was driven by both organic and inorganic activity as we successfully executed on the key facets of our growth strategy.

Positive organic net flows of \$593 million were recorded for FY25, driven primarily by superannuation, as well as a strong contribution by our relatively new values-aligned channel. Net outflows of \$71 million relating to the recently acquired Altius business were recorded – further detail follows.

Superannuation flows of \$514 million were predictably below prior year as a result of the 7-week limited-services period covering the transition of the Mercer superannuation administration services to GROW Inc. During this period, the regular marketing program was scaled back, and we also saw increased superannuation outflows in the months immediately following the limited-services period as a result of the customer experience disruption.

Pleasingly, we saw an uptick in superannuation net flows in the second half, with flows increasing 65% compared to the first half. This was driven by the resumption of marketing activity post the limited-services period, an uplift in member consolidation rates following enhancements to the join process, and a cyclical increase in end of financial year voluntary contributions. Member outflows also improved in the second half.

Rollovers-in continue to be at lower levels than the historic trend due to the reduced levels of switching activity in the superannuation industry, however, our superannuation net flows continued to be bolstered by stable ongoing superannuation guarantee and strong voluntary contributions during FY25. We also benefit from a lower proportion of members in pension phase compared to the industry average, and high member retention rates. Indeed, Australian Ethical has one of the lowest outflow rates in the market.<sup>18</sup>

Investment products' net flows (excluding institutional) contributed \$62 million, with \$118 million of this from the values-aligned channel where we have increased sales efforts and are seeing a solid pipeline. This channel focuses on not-for-profit organisations including charities and foundations, as well as values-aligned businesses looking to invest their funds with an aligned fund manager.

The acquisition of the Altius business added \$1.93 billion of FUM in September 2024, with subsequent net outflows of \$71 million reflecting the fluctuating capital requirements and seasonality of one of the Altius institutional clients. FUM relating to the Altius funds was \$1.91 billion at 30 June 2025. The Altius fixed income funds are lower-margin funds, with the volatility of FUM having only a small impact on revenue.

The institutional channel overall saw net outflows of \$54 million, reflecting the Altius net outflows partially offset by new institutional client wins.

Strong investment performance contributed \$1.05 billion to FUM. Investment performance has benefited from the limited exposure to resources and fossil fuels over the long term, with disciplined processes leading the team to trim overvalued holdings and invest in higher quality opportunities across sectors and asset classes. The team has also identified alternative defensive exposures, bolstered allocations to private markets, and actively managed fixed income amid market volatility.

Funds under management (\$ billion)	FY25	FY24	Change (YoY%)
Opening FUM	10.44	9.20	
Superannuation net flows	0.51	0.60	
Investments* net flows	0.06	0.01	
Retail & Wholesale net flows	0.58	0.61	
Institutional net flows	(0.05)	0.00	
<b>Total net flows</b>	<b>0.52</b>	<b>0.61</b>	<b>(14%)</b>
Altius Asset management acquisition	1.93		
Investment performance	1.05	0.63	
<b>Closing FUM</b>	<b>13.94</b>	<b>10.44</b>	<b>34%</b>
<b>Average FUM</b>	<b>12.71</b>	<b>9.70</b>	<b>31%</b>

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

<sup>18</sup> KPMG 2025 Super Insights Report, published May 2025, using statistics from APRA and ATO as at 30 June 2024. <https://assets.kpmg.com/content/dam/kpmg/au/pdf/2025/super-insights-2025.pdf>



## Material business risks

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

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

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

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

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

The full ARCC charter (and other board charters) can be found on the Australian Ethical website at: [australianethical.com.au/shareholder/corporategovernance/](https://australianethical.com.au/shareholder/corporategovernance/)

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

Australian Ethical's second line, the Risk team, 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, as well as External Audit (KPMG) who 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
Risk Management	Risk Management 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.	<ul style="list-style-type: none"> <li>• Dedicated Risk and Legal Team.</li> <li>• Internal &amp; external reviews of public documents.</li> <li>• Mandatory compliance training for all staff based on internal policies and procedures.</li> <li>• Embedded controls assurance framework, including requirement for independent assurance.</li> <li>• Compliance obligations are documented and monitored.</li> <li>• Breach reporting escalation processes.</li> <li>• Annual review of insurance program.</li> </ul>
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.	<ul style="list-style-type: none"> <li>• Appropriate financial control processes, including monitored cashflows and cash position, annual budgeting and regular forecasting.</li> <li>• Regular reconciliation and review processes for financials, units on issue and applications/redemptions.</li> <li>• Regular monitoring of regulatory capital requirements.</li> <li>• Appropriate policies and procedures, quality control, management approval frameworks across financial process, asset valuations, distributions, fees and expenses and approval of unit prices.</li> <li>• Internal and external audit, professional reviews of finance and unit pricing controls.</li> <li>• Agile management of resource allocation, prudent cost control.</li> <li>• Regular monitoring of key financial metrics.</li> <li>• Monitoring of external market drivers e.g. interest rates, inflation, and refinement of business activities in response.</li> <li>• Confirmation and recording of asset valuations including Valuation Committee oversight for unlisted assets.</li> <li>• Unit Pricing oversight model including Unit Price Committee.</li> </ul>
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.	<ul style="list-style-type: none"> <li>• Our response to climate change is considered by our board in reviewing and approving our corporate strategy and, via our investment committee, where climate change related topics are regular agenda items. The board includes members with climate change expertise.</li> <li>• Our investment beliefs recognise the criticality of preventing dangerous climate change to both our ethical and financial goals.</li> <li>• Our ethical assessment and investments processes consider climate change. We restrict<sup>19</sup> 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.</li> </ul>

<sup>19</sup> 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](http://australianethical.com.au/globalassets/pdf-files/why-ae/ae-guide-to-our-ethicalinvestment-process.pdf).

Risk category	Risk description/impact	Risk mitigants
Climate change {Continued}		<ul style="list-style-type: none"> <li>• Our Chief Investment Officer and Chief Impact &amp; Ethics Officer together are responsible for implementation of our ethical investment approach, including our climate-related ethical criteria.</li> <li>• Our strategic and active asset allocation processes consider climate risks.</li> <li>• Our Impact &amp; Ethics Team monitors existing and emerging climate-related risks, using diverse company, industry, government, responsible investment, scientific, civil society and news sources.</li> <li>• We have established metrics to monitor the effectiveness of our ethical investment approach in managing climate risk in our portfolios and report on these in our sustainability report which forms part of our annual reporting published 9 October 2025.</li> </ul>
Environmental, Social and Governance (ESG)	Risk arising from inadequate or inappropriate Ethical and Environmental, Social and Governance (ESG) considerations in business and investment decision-making. Risk may arise due to unclear employee accountabilities, inadequate board reporting, inadequate identification and management of conflicts, and noncompliance with Ethical Charter.	<ul style="list-style-type: none"> <li>• Our Ethical Charter forms part of Australian Ethical's constitution and informs all aspects of company operations.</li> <li>• Robust ethical assessment and investment processes - all investments are evaluated for consistency with the positive and negative principles in our Ethical Charter.</li> <li>• Embedded governance framework including board and committee charters, board and committee reporting.</li> <li>• Board oversight responsibilities are underpinned by the Ethical Charter, which is embedded in Board Charter.</li> <li>• B Corp certification status maintained.</li> </ul>
Investment & ethical evaluation	Risk arising from inappropriate investment strategies, non-adherence to investment governance, nonadherence 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.	<ul style="list-style-type: none"> <li>• Regular ethical reviews of investments to ensure they remain consistent with our Ethical Charter.</li> <li>• Established investment governance frameworks in place.</li> <li>• Investment performance analytics.</li> <li>• Stress testing.</li> <li>• Reviews, reconciliations and monitoring of key metrics.</li> <li>• Investment Committee (IC) in place with independent members appointed.</li> <li>• Quarterly review of performance (including attribution) by Investment Committee.</li> <li>• Annual review and approval of Strategic Asset Allocations.</li> <li>• IC approved Trust Investment Parameters.</li> </ul>
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, reputational damage and financial impacts.	<ul style="list-style-type: none"> <li>• Regular monitoring of brand awareness.</li> <li>• Media monitoring and Media Policy.</li> <li>• Review processes over marketing material.</li> <li>• Mature ethical stewardship activities embedded.</li> <li>• Monitoring of key metrics relating to customer satisfaction (CSAT).</li> <li>• Complaints handling processes.</li> <li>• Product guidelines, frameworks and policies.</li> </ul>

Risk category	Risk description/impact	Risk mitigants
Strategic	Risk arising from poor strategic decisions, inadequate development and execution of strategic initiatives, a lack of responsiveness to regulatory change or external market and economic trends that could affect our offering or market position.	<ul style="list-style-type: none"> <li>• Robust and embedded strategy and business planning processes that includes regular review and monitoring of external market trends and metrics.</li> <li>• Dedicated Project Management Office (PMO) and program management framework for effective execution of strategic and regulatory initiatives.</li> <li>• Senior Leadership variable remuneration linked to strategic metrics.</li> <li>• Regular monitoring of progress against strategy through 'Objective and Key Results' (OKR) framework, reporting to Senior Leadership Team and Board, incorporating agile reprioritisation of initiatives.</li> </ul>
Operations (including Outsourcing 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.	<ul style="list-style-type: none"> <li>• Embedded policies, methodologies, procedures, roles and responsibilities (including segregation of duties where needed).</li> <li>• Internal Fraud Design Taskforce.</li> <li>• Controls assurance framework.</li> <li>• Effective incident and issues management processes.</li> <li>• Business continuity planning and disaster recovery programs (including by outsourced providers).</li> <li>• Comprehensive insurance program.</li> <li>• Robust documented processes for new product delivery and product management (including regulatory compliance).</li> <li>• New vendor due diligence processes.</li> <li>• Monitoring of key metrics, contractual arrangements and service delivery.</li> </ul>
IT & Cybersecurity	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.	<ul style="list-style-type: none"> <li>• Embedded IT security policies and procedures throughout systems development and vendor management lifecycle. Annual mandatory training on cybersecurity, and further adaptive training based on quarterly phishing test results.</li> <li>• Operational technology security in place (including firewalls and antivirus).</li> <li>• IT system penetration testing; Password integrity testing.</li> <li>• Regular board oversight over cyber security risks. The Board and/or ARCC receives quarterly reports on cyber risk, threats, uplift programs, cyber incidents (if any), and information security testing results that identify material information security control deficiencies requiring remediation (if any).</li> <li>• Business continuity planning and disaster recovery programs including testing (including service providers), incident response plans.</li> <li>• AEI Board monitors IT Disaster Recovery Plans and Business Continuity Plans and annual testing.</li> <li>• Independent assurance.</li> </ul>



Risk category	Risk description/impact	Risk mitigants
People	<p>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&amp;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.</p>	<ul style="list-style-type: none"> <li>• Embedded People policies and procedures (including WH&amp;S policies, procedures and training).</li> <li>• Succession planning, talent identification programs, retention and hiring strategies, embedded performance review processes, remuneration benchmarking and reporting, as well as WH&amp;S reporting to the People and Remuneration committee.</li> <li>• Remuneration framework to ensure senior management alignment to medium- and longer-term strategic goals.</li> <li>• Investment team remuneration structure aligned to performance objectives.</li> <li>• Regular employee engagement and turnover monitoring; dedicated employee engagement business representatives.</li> <li>• Employee assistance program.</li> <li>• Inclusion of risk metrics and thresholds as well as values alignment assessment in performance management framework.</li> </ul>

# Outlook

Our strategy has delivered strong momentum in FY25. With the new operating structure now in place, we are focused on scaling impact, deepening customer value, and unlocking further growth across both our superannuation and investment management business lines. In FY26 and beyond we anticipate further profit growth and sensible reinvestment in the business designed to strengthen our market position.

We have strong momentum as we head into FY26 with higher brand awareness, our recent asset class expansion into fixed income and private markets, the uplift in research house ratings, our high-quality capability and the enhanced operating platform.

Further FUM growth is expected across both our super and investment products, underpinned by the Superannuation Guarantee rate increase, solid investment performance and planned initiatives to enhance member retention and engagement.

We recognise there are also strong headwinds to contend with including geopolitical and market uncertainty, cost of living pressures, and lower rates of job mobility and superannuation switching rates. These issues posed challenges for us during FY25 and are expected to persist into FY26.

Maintaining competitiveness remains a priority. We anticipate a modest decline in revenue margins compared to FY25, with further reductions in superannuation and investment fees in FY26. These measures aim to enhance our product offering and support the sustained growth of our customer base.

We are already seeing the financial benefits of the superannuation administration transition from Mercer and the full custody and investment administration transition completed during FY25. Together, these cost savings enable us to further invest in improvements to our customer experience and outcomes.

On the superannuation side of our business, we plan to introduce a new superannuation insurance calculator, a retirement calculator and an App for our members in 2026.

On the investment management side, we will continue to build out the capability of our platform to deliver a scalable solution to better support our growing and more complex business. As such, ongoing front office licensing costs are expected to increase year on year.

We will look to complete a number of inflight initiatives including the transition of the remaining tranche of members to GROW Inc, and further investment in our technology infrastructure, data and business insights capability. We will continue to develop new products to enhance our product suite, while the enhancement of risk-adjusted performance and improvements to investment efficiency are also planned. We will continue the work to improve our member experience through digital initiatives and maintain our steadfast focus on cybersecurity.

Employment expenses are expected to grow as we deliver further targeted capability uplift to strengthen our business platform. In addition, the run rate of FY25 hires will contribute to an employment expense increase.

All our activity will be executed through the lens of incrementally improving operating leverage in FY26 as we scale. This will see us well positioned to support a much larger business in the medium term.

Our medium term opportunity remains compelling as we plan to further leverage our recently enhanced fixed income and private markets capability, expand our values-aligned middle market channel, grow our product offering and explore an active international equities offering – all initiatives which are expected to underpin continued organic growth in FUM. Additionally, complementary inorganic opportunities will help to deliver further scale.

Looking ahead, we remain well-positioned — with our high-quality capability, strong balance sheet, enhanced business platform, unique brand, and deep ethical pedigree.

## Financial Performance – management analysis

Financial Performance – management analysis	2025 \$'000	2024 \$'000	% Change
<b>Net Profit after tax (NPAT)</b>	<b>20,196</b>	<b>11,531</b>	
Less: Net (profit)/loss after tax attributable to The Foundation*	(258)	316	
<b>Net profit after tax attributable to shareholders</b>	<b>19,938</b>	<b>11,847</b>	<b>68%</b>
Adjustments:			
Change in fair value of investment	–	2,159	
Integration & transformation costs	4,322	5,068	
Other income (cost recovery linked to insurance harmonisation)	(629)	–	
Due diligence & transaction costs	1,719	1,379	
Amortisation of Altius intangibles	108	–	
Tax on adjustments	(1,656)	(1,934)	
<b>Underlying profit after tax (UPAT) including performance fee</b>	<b>23,802</b>	<b>18,519</b>	<b>29%</b>
Performance fee (net of bonus, tax and Foundation grant)	–	78	
<b>Underlying profit after tax (UPAT) excluding performance fee</b>	<b>23,802</b>	<b>18,441</b>	<b>29%</b>
Diluted EPS on NPAT attributable to shareholders (cents per share)	17.51	10.51	
Diluted EPS on UPAT attributable to shareholders (cents per share)	20.90	16.44	

\* Refer to Note 39 for additional details in relation to The Foundation's financial results.

Operating leverage (cost to income)	2025 \$'000	2024 \$'000
Total expenses per statement of comprehensive income	90,644	80,798
Less:		
Integration & transformation	(4,322)	(5,068)
Due diligence & transaction	(1,719)	(1,379)
Amortisation of Altius intangibles	(108)	–
Net profit/(loss) after tax attributable to The Foundation	258	(316)
Total underlying operating expenses	84,753	74,035
Divided by:		
Total revenue per statement of comprehensive income	119,384	100,491
Less:		
Other income (cost recovery linked to insurance harmonisation)	(629)	–
Total operating revenue	118,755	100,491
<b>Cost to income ratio</b>	<b>71.4%</b>	<b>73.7%</b>

### Dividends

Dividends paid during the financial year were as follows:	2025 \$'000	2024 \$'000
Final dividend for year ended 30 June 2024 of 6 cents (2023: 5 cents) per ordinary share – fully franked (paid 18 September 2024)	6,767	5,639
Interim dividend for year ended 30 June 2025 of 5 cents (2024: 3 cents) per ordinary share – fully franked (paid 21 March 2025)	5,671	3,383
	12,438	9,022

Since year end the Directors have declared a final dividend of 9 cents per fully paid ordinary share (2024: 6 cents final dividend). The aggregate amount of the declared dividend expected to be paid on 19 September 2025 out of profits for the year ended 30 June 2025, but not recognised as a liability at year end, is \$10,208,000 (2024: \$6,767,000).

All dividends paid during the year were fully franked based on tax paid at 30%. The final dividend to be paid in September 2025 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 29, no other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

## 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 2025, and the number of meetings attended by each Director were:

	Full Board		People, Remuneration and Nominations Committee*		Audit, Compliance and Risk Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Steve Gibbs	12	12	7	7	6	5
Kate Greenhill	12	12	7	7	6	6
Julie Orr	12	12	7	7	6	6
John McMurdo	11	11	-	-	-	-
Sandra McCullagh	12	12	7	7	-	-
Richard Brandweiner	10	10	-	-	-	-
Brian Bissaker	2	2	2	2	-	-
Mara Bûn	3	3	3	3	2	2

\* From 1 July 2025, the People, Remuneration and Nominations Committee (PRN) role was separated into two separate committees being the People & Remuneration Committee (comprised of all AEI non-executive directors) and the Nominations Committee (comprised of Steve Gibbs, Sandra McCullagh and Julie Orr).

	Due Diligence Committee		Investment Committee	
	Eligible	Attended	Eligible	Attended
Steve Gibbs	6	6	-	-
Kate Greenhill	6	6	-	-
Julie Orr	-	-	7	7
Sandra McCullagh	-	-	7	6
Sean Henaghan <sup>#</sup>	-	-	7	6
Steve Rankine <sup>#</sup>	-	-	7	6
Michael Anderson <sup>#</sup>	-	-	7	5
Ludovic Theau	-	-	7	5
Mara Bûn	-	-	3	3
Richard Brandweiner <sup>^</sup>	-	-	0	0

<sup>#</sup> Sean Henaghan, Steve Rankine and Michael Anderson are independent Investment Committee members. They are not AEI Board directors.

<sup>^</sup> Richard Brandweiner was appointed to the Investment Committee on 27 June 2025.



## Changes to our Boards

Fiona Reynolds joined the Australian Ethical Superannuation Board as an independent Non-Executive Director in July 2024. Ms Reynolds was formerly CEO of the Principles for Responsible Investment (PRI) and brings more than three decades' experience in responsible investing and superannuation.

Mara Bün announced her retirement from the Boards of Australian Ethical Investment, Australian Ethical Superannuation and associated committees in October 2024. Mara has played a significant role in the transformation of Australian Ethical since 2013 and, though standing down from these two boards, remains on the Board of the Australian Ethical Foundation.

Richard Brandweiner joined the Australian Ethical Investment Board as an independent Non-Executive Director in September 2024. Richard has spent 30 years working across all asset classes in the investment management industry. Most recently he was Chief Executive Officer Australia of Pandal Group and prior to this was Chief Investment Officer of Aware Super and Group Executive at Perpetual Limited.

Brian Bissaker joined the Australian Ethical Investment Board as an independent Non-Executive Director in April 2025. Brian has a successful career spanning more than 30 years in financial services and consulting, including as CEO of Colonial First State, CEO of Virgin Money and Group Executive of Bank of Queensland. Brian has also held numerous Board positions and is a former adjunct professor at the University of Sydney Business School.

## 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.

## 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 33 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 33 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

There are no officers of the Company who are former partners of KPMG.

## Rounding of amounts

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

## Sustainability reporting developments

Our Sustainability Report, which will be published as part of our full Annual Report in October 2025, will be prepared with reference to the recently finalised Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures (AASB S2). We are working toward full alignment with AASB S2 over the next few years commencing with the Australian Ethical Retail Super Fund in FY27.

## 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

27 August 2025

Sydney

# Remuneration Report

For the year ended 30 June 2025

Dear Shareholder,

On behalf of the Board of Directors, I am pleased to present our remuneration report for the 2025 financial year (FY25).

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 FY25 with underlying profit after tax of \$23.8 million and net profit after tax attributable to shareholders of \$19.9 million, up 29% and 68% respectively on the prior year. This was achieved despite a turbulent year for investment markets.

During the year, our growth was driven by both organic and inorganic successes. Funds under management (FUM) reached \$13.94 billion at the end of FY25, an increase of 34% compared to FY24. This was driven by continued positive organic net flows of \$593 million — despite volatile and uncertain market conditions — and positive investment performance of \$1.05 billion, with the successful acquisition of the Altius Asset Management business in September 2024 contributing \$1.93 billion to the FUM balance.

We continue to deliver long term value creation for shareholders, reporting a 3 year Total Shareholder Return ("TSR") of 47%, with FY25 total dividends up 56% on prior year to 14 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 ratio<sup>1</sup> improving further from 73.7% in FY24 to 71.4% in FY25, as our business scales.

Alongside the strong financial results of our business, FY25 saw the delivery of a number of important strategic initiatives, including: the transfer of custodian and investment administration services from National Australia Bank Limited (NAB) and BNP Paribas (BNP) to State Street Australia Limited, and the first tranche of our superannuation administration transition to GROW Inc. These transformational initiatives enable improvements to our investment management capabilities; using data and technology to digitalise, remove friction and further enhance super member and investment customer experience; and create efficiencies that continue to enable scalable, cost-effective growth. The uplift to our investment management platform is expected to complete in FY26.

These strong results reflect the continued successful execution of our strategy, which, aside from driving significant business growth, is also delivering positive outcomes across many other areas of our business, including:

- continued strong customer retention
- increasing brand awareness
- continued recognition for our responsible investment standing
- recognition of our high quality product offering through improved ratings and awards
- our talented and engaged workforce.

And importantly, our financial success also benefits the community – for FY25, we will contribute a record \$2.8 million to the Australian Ethical Foundation, which will allow the Foundation to continue its philanthropic work focused on delivering positive impact.

<sup>1</sup> 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.

I am proud of Australian Ethical's significant achievements in FY25 right across our business and am confident of the business momentum as we look ahead to FY26 and beyond. These 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 2024 Annual General Meeting, the Company's remuneration report received a 'yes' vote of 84.14% cast on the resolution that the remuneration report be adopted.

## Remuneration changes

The Board continues to enhance the remuneration arrangements for Executive KMP. In FY25, changes were made to better align our arrangements with market practice, the Financial Accountability Regime (FAR) and in response to suggestions from proxy advisors.

Key changes to Executive KMP remuneration arrangements in FY25 were:

- Executive KMP are no longer eligible for Employee Share Plan (ESP) grants from 1 July 2024 (FY24: 10% allocation), as the allocation of long term incentives for KMP has been rationalised into a single scheme, being the Executive Long-Term Incentive (ELTI scheme). The ESP remains relevant to employees not eligible for the ELTI, and provides a mechanism to ensure all employees are able to participate in company ownership and hold an interest in the success of the organisation.
- The target Short Term Incentive (STI) opportunity for some Executive KMP have been increased to better align with market remuneration benchmarks.
- Executive Long-Term Incentive (ELTI) financial measures were expanded and thereby made more stretching. In addition, the ELTI weighting to each financial measure is now specified.

## 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 People & Remuneration Committee (PRC) (prior to 1 July 2025 known as the People, Remunerations & Nominations Committee, or PRN) 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, and changes that might be necessary to further align to the Financial Accountability Regime (FAR), no changes are contemplated for FY26.

## FY25 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.

FY25 was a very successful year as outlined above.

Reflecting on Australian Ethical's business performance, outcomes for FY25 include:

- CEO's STI at 78% of maximum opportunity
- STI's for other Executive KMP range from 53% to 68% 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 exceeded, resulting in the vesting of the 2022 ESP tranche for all relevant employees

No ELTI vested in FY25. The first tranche of ELTI awards, which were granted in 2021, was assessed against the pre-determined performance hurdles at the end of FY25 and did not vest (see section 4.7).

## 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.

A handwritten signature in black ink, appearing to read 'S. Gibbs', with a stylized flourish at the end.

STEVE GIBBS

### Chair

People, Remuneration & Nominations Committee



# 1. Key Management Personnel

Name	Position	Term as KMP in FY25
<b>Executive Key Management Personnel (KMP)</b>		
John McMurdo	Managing Director & CEO	Full year
Karen Hughes	Chief Risk Officer & Company Secretary	Full year
Maria Loyez	Group Executive, Superannuation (from 1 July 2025) Chief Customer Officer (until 30 June 2025)	Full year
Mark Simons	Chief Financial Officer	Full year
Ludovic Theau	Chief Investment Officer	Full year
<b>Non-Executive Directors</b>		
Steve Gibbs	Non-Executive Chair	Full year
Katherine Greenhill	Non-Executive Director	Full year
Julie Orr	Non-Executive Director	Full year
Sandra McCullagh	Non-Executive Director	Full year
Richard Brandweiner	Non-Executive Director	1 September 2024 to 30 June 2025
Brian Bissaker	Non-Executive Director	15 April 2025 to 30 June 2025
Mara Bün	Non-Executive Director	1 July 2024 to 31 October 2024

## 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 and Inclusion ("DEI")** to foster a DEI 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 act in the best interests of our stakeholder groups
- **Culture and Employee Experience** to bring to life our 'Purpose Driven and High Performing' culture

FY25 was a year of high emphasis on investing in our people and our purpose driven and high performing culture.

## FY25 achievements

Key People Plan initiatives and achievements are outlined below.



### Diversity Equity & Inclusion

- Published our Gender Pay Gap Statement alongside WGEA report
- Maintained our gender diversity
  - Board – 43% female, 57% male
  - Executive – 50% female, 50% male
  - Investment & Ethics Team – 39% female, 61% male
  - Organisation – 47% female, 53% male
- Signed onto 40:40 vision; an investor-led initiative dedicated to achieving gender balance in executive leadership within Australia's largest listed companies.
- Recognised Neurodiversity Week and partnered with NeuroEdge, a social impact organisation driving neuroinclusion in the workplace, to help us better understand and embrace neurodiversity in both the workplace and beyond.



### Talent & Capability

- Implemented the People Leader Forum – a series of ongoing workshops developed to inspire and equip leaders to fulfil their leadership potential with strategies to build confidence and capability. The forums have a particular focus on action and commitment and building a sense of community among the group.
- Continued to invest in talent and capability with a number of key new senior hires during the year.



### Performance & Reward

- Developed and implemented Lead with Purpose, a framework to provide clarity on what it means to be a high performing and impactful leader at every level — individual contributor, people leader, senior leader, or part of the executive team. The framework has been integrated into our talent management practices and underpins how we attract, develop, retain and reward people with the capabilities AE needs to be successful now and in the future.
- Designed and introduced a formal recognition program to recognise and reward employees across two categories, Values and Business Excellence. Each quarter we celebrate a Values Award recipient and a Business Excellence Award recipient, and at the end of the year we grant an AE Excellence award the highest recognition for the year.



## Culture & Employee Experience

- Strengthened our opportunity and risk culture so that everyone understands AE's approach to opportunity and risk management, takes personal responsibility to manage risk in everything they do, and to encourage others to follow their example. A risk assessment is applied when determining all incentive compensation outcomes.
- Achieved a Financial Services second quartile engagement score of 76%\*, down from 79% in FY24 and 1% below the Financial Services top quartile threshold of 77%.
- Continued investment in employee wellbeing offerings including a wellbeing allowance, flu vaccinations and skin checks, organised fitness events, additional wellbeing leave, EAP support and a health support program, volunteering events so employees can bring their best selves to work.

\* Second quartile for Financial Services Australia. See: [cultureamp.com/science/insights/financial-services-australia](https://cultureamp.com/science/insights/financial-services-australia)

# 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.

### 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 2025, as indicated in the table. Employees of Australian Ethical Superannuation Pty Limited are entitled to receive all the below elements of remuneration with the exception of the Employee Share Plan (ESP) and Executive Long-Term Incentives (ELTI).

There were no significant changes to the remuneration framework in the FY25 year.

Element	Description	Detail	Paid as
Fixed Remuneration (FR)	Comprises base salary, superannuation, packaged employee benefits and associated fringe benefits tax.	<ul style="list-style-type: none"> <li>Reviewed annually, or on promotion.</li> <li>Benchmarked against market data<sup>1</sup> for comparable roles based on position, skills and experience brought to the role.</li> <li>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.</li> </ul>	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.	<ul style="list-style-type: none"> <li>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.</li> <li>For Executive KMPs (except CEO and CIO), STI in any given year that exceeds \$130,000 will typically be deferred for up to 4 years (prior to 30 June 2025: amounts exceeding \$100,000 were typically deferred for up to 3 years), is not subject to further hurdles and is paid in shares. The CEO and CIO have additional deferral components within their remuneration.</li> <li>Short term incentives are treated as follows in the following circumstances: <ul style="list-style-type: none"> <li>– resignation – usually forfeited, subject to Board discretion;</li> <li>– termination for serious misconduct – forfeited;</li> <li>– retirement – at discretion of the Board;</li> <li>– death or total and permanent disablement – at discretion of the Board; and</li> <li>– redundancy – at discretion of the Board.</li> </ul> </li> </ul>	Cash and deferred shares

<sup>1</sup> 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.	<ul style="list-style-type: none"> <li>Awarded as percentage of Fixed Remuneration (10%).</li> <li>Shares are issued or purchased and held in trust for 3 years.</li> <li>Vest in the name of the employee after 3 years, provided that: <ul style="list-style-type: none"> <li>employee remains employed; and</li> <li>subject to 3-year compound annual growth in diluted earnings per Share (EPS) as follows: <ul style="list-style-type: none"> <li>0 – 5% – nil vests</li> <li>5% – 10% – pro rata up to 100%</li> <li>&gt; 10% – fully vests.</li> </ul> </li> </ul> </li> <li>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&amp;A, transformational initiatives that impact short term NPAT, but are highly advantageous to medium term shareholder value accretion.</li> <li>Employees participate in dividends and have voting rights from the date of grant.</li> <li>On cessation of employment, no unvested shares shall vest unless the Board in its absolute discretion determines otherwise.</li> </ul>	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.	<p>Awarded as percentage of Fixed Remuneration, ranging from 10% to 75% for selected senior executives.</p> <p>Issued as performance rights and vest as ordinary shares after 4 years, provided that:</p> <ul style="list-style-type: none"> <li>Employee remains employed; and</li> <li>Stretching financial and non-financial performance hurdles are achieved.</li> </ul> <p>Refer to section 4.7.1 for the specific performance hurdles relating to each grant.</p> <p>During the vesting period, ELTI participants are not entitled to receive dividends nor hold voting rights.</p> <p>On cessation of employment, all performance rights are forfeited unless the Board in its absolute discretion determines otherwise.</p> <p>Shareholder approval was sought for the CEO's FY25 Long Term Incentive grant (equity rights) under the ELTI.</p>	Performance Rights

### 3.3 FY26 Changes and considerations

There are no material changes to compensation structures anticipated in FY26.

A new FY26 ELTI grant with a vest date of 1 September 2029 is being considered which is expected to be based on a similar percentage of fixed remuneration for KMPs as in FY25. 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 FY25

### 4.1 Corporate performance

In considering the Company's short-term 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:

	2021	2022	2023	2024	2025	2025 % change
FUM at year end (\$ billion)	6.07	6.20	9.20	10.44	13.94	34%
Net inflows (\$ billion) – organic growth	1.03	0.94	0.47	0.61	0.59	-3%
Net inflows (\$ billion) – M&A	–	–	1.93	–	1.93*	–
Operating Revenues (\$'000)	59,110	70,784	81,096	100,491	119,384	19%
Performance fees (\$'000) included above	2,895	375	–	187	–	–
Underlying Profit After Tax (UPAT) (\$'000)^	11,052	10,284	11,789	18,519	23,802	29%
Net Profit After Tax attributable to shareholders (\$'000)	11,261	9,597	6,576	11,847	19,938	68%
UPAT pre performance fee (\$'000)	9,167	10,044	11,789	18,441	23,802	29%
NPAT pre performance fee (\$'000)	9,377	9,356	6,576	11,769	19,938	69%
Adjusted NPAT (pre performance fee)^	9,377	10,043	9,189	16,281	23,802	46%
Diluted Earnings Per Share attributable to shareholders (cents per share)	10.02	8.55	5.84	10.51	17.51	67%
Diluted EPS growth (based on Adjusted NPAT pre performance fees) (3 years)	23.2%	19.1%	8.4%	20.2%	32.7%	–
Dividends (cents per share)	7	6	7	9	14	56%
Special performance fee dividend (cents per share)^	1	–	–	–	–	–
Staff engagement scores	82%	79%	70%	79%	76%	-3%

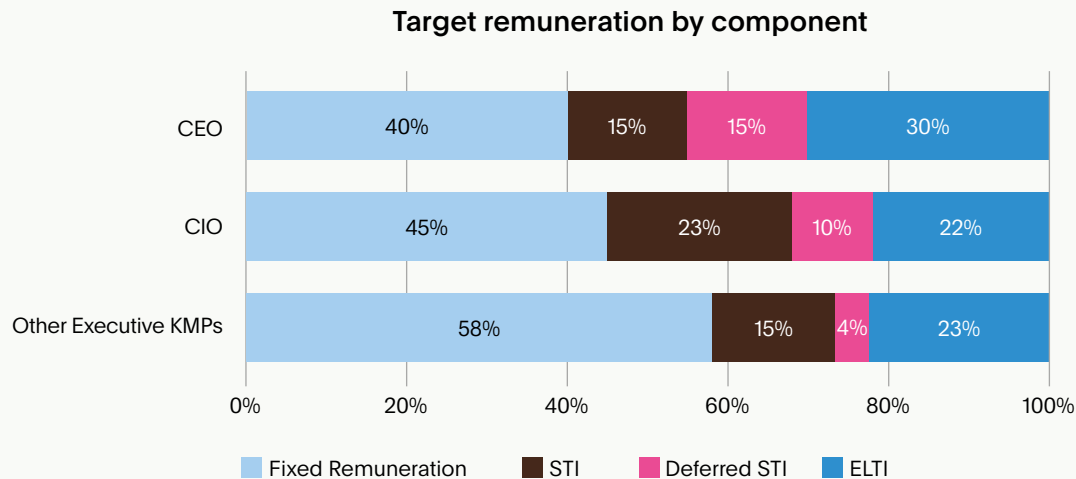
^ Underlying Profit After Tax and 'Adjusted NPAT pre performance fee' are non-IFRS measures and are not audited albeit reconciled to the audited statutory profit.

^^ The special performance fee dividend is linked to the performance fee achieved on the Emerging Companies Fund outperformance in FY21.

\* Altius FUM at acquisition in September 2024 was \$1.93 billion, of which \$1.91 billion was retained at 30 June 2025.

## 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.



## 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 2025. The following outcomes have been taken into account when assessing short term incentives for Executive KMPs.

Measure	Weight	Target	Weighted Outcome			Why this metric is appropriate	Achievement comments
Financial	50%	UPAT \$20.5m	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.	FY25 UPAT of \$23.8m exceeds target by 16%
		NPAT \$15.9m	Not met	Met	Exceeded	\$20.5m UPAT target represents an 11% increase on FY24 actual.	FY25 NPAT of \$19.9m exceeds target by 25%
		Cost to income ratio <75%	Not met	Met	Exceeded	Metric reflects goal of achieving improved operating leverage as the business scales	Cost to income ratio of 71.4% better than target by 3.6ppts
		\$750m 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 \$593m is 21% below target of \$750m
Business Transformation	20%	Delivery of key transformational projects: 1. Consolidation of super administration – transition from Mercer to Grow Inc with planned UPAT delta realised 2. Custodian migration completed with planned UPAT delta realised 3. Exploration and pipeline of accretive M&A including the Integration of Altius Asset Management with retention of >\$1.75b FUM	Not met	Met	Exceeded	Delivery of key transformation strategic initiatives is critical to underpin the growth strategy, which will deliver improved shareholder returns.	1. Transition from Mercer to GROW Inc completed in FY25 with unit cost savings realised. 2. Custody transition, including unit cost savings, completed in FY25. 3. Strong M&A exploration focus with Altius integration steps completed in FY25 & FUM retention target met.

Measure	Weight	Target	Weighted Outcome	Why this metric is appropriate	Achievement comments
Reputation & Customer experience	10%	Responsible Investment Leadership recognition		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 continues to be a RIAA RI leader
		• RIAA RI leader	<div> <div>Not met</div> <div>Met</div> <div>Exceeded</div> </div>		
		B Corp Leadership			
		• Top 5% rated B Corp in Australia and NZ	<div> <div>Not met</div> <div>Met</div> <div>Exceeded</div> </div>	An independent certification to reflect high standards of verified social and environmental performance, accountability and transparency. An evidence point of our deeply ethical business.	AE continued to be in the top 5% of Certified B Corp scores in Australia and NZ* in FY25 after having achieved a record score in FY24.
People	10%	Compelling customer experience		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 in March 2025 and published in May 2025.
		• Superannuation Customers NPS top 10	<div> <div>Not met</div> <div>Met</div> <div>Exceeded</div> </div>		
		Employee engagement			
		• Top Quartile Finance Australia	<div> <div>Not met</div> <div>Met</div> <div>Exceeded</div> </div>	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 76% was 1% below the Financial Services top quartile threshold of 77%***.

\* As at 13 July 2023, the date of our last assessment

\*\* Investment Trends Super Member Engagement Report 2025. Independent research with 23 major super funds

\*\*\* Top quartile for Financial Services Australia. See: [cultureamp.com/science/insights/financial-services-australia](https://cultureamp.com/science/insights/financial-services-australia)

Measure	Weight	Target	Weighted Outcome	Why this metric is appropriate	Achievement comments
Investment Performance*	10%		<div><div>1 year</div><div><div>Not met</div><div>Met</div><div>Exceeded</div></div></div>		
		MF ASF exceeds benchmark for 2/3 of time horizons	<div><div>3 year</div><div><div>Not met</div><div>Met</div><div>Exceeded</div></div></div>		
			<div><div>5 year</div><div><div>Not met</div><div>Met</div><div>Exceeded</div></div></div>		
			<div><div>1 year</div><div><div>Not met</div><div>Met</div><div>Exceeded</div></div></div>		
		MF ECF achieves benchmark for 2/3 of time horizons	<div><div>3 year</div><div><div>Not met</div><div>Met</div><div>Exceeded</div></div></div>		
			<div><div>5 year</div><div><div>Not met</div><div>Met</div><div>Exceeded</div></div></div>	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.	
			<div><div>1 year</div><div><div>Not met</div><div>Met</div><div>Exceeded</div></div></div>		
		MF BF achieves benchmark for 2/3 of time horizons	<div><div>3 year</div><div><div>Not met</div><div>Met</div><div>Exceeded</div></div></div>		
			<div><div>5 year</div><div><div>Not met</div><div>Met</div><div>Exceeded</div></div></div>		
				<div><div>1 year</div><div><div>Not met</div><div>Met</div><div>Exceeded</div></div></div>	
		Superfund - Balanced Accum option v peers- achieve 2nd quartile for 2/3 of time horizons	<div><div>5 year</div><div><div>Not met</div><div>Met</div><div>Exceeded</div></div></div>		
			<div><div>10 year</div><div><div>Not met</div><div>Met</div><div>Exceeded</div></div></div>		
				Met target for one of the three time horizons (1-year) but below target for 5-year and 10-years.	
				Source: June 2025 Superratings SR50 Balanced (60-76) ranking.	

Most of our funds had good performance in FY25. The two third time horizon target was met by the Emerging Company Fund (ECF) but not met for the other two specified funds.

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.

Met target for one of the three time horizons (1-year) but below target for 5-year and 10-years.

Source: June 2025 Superratings SR50 Balanced (60-76) ranking.

\* Investment performance is calculated net of management fees.



## 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 Chief Risk Officer 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 2025 STI outcomes for Executive KMPs.

## 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 <sup>1</sup>
	Target %	Max %	\$	\$	\$	%
J McMurdo	75%	150%	430,425	860,850	670,000	78%
K Hughes	20%	40%	67,000	134,000	88,000	66%
M Loyez	40%	80%	164,800	329,600	175,000	53%
M Simons	40%	80%	184,000	368,000	250,000	68%
L Theau	75%	150%	385,250	772,500	500,000	65%

<sup>1</sup> 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 \$23.8 million was achieved in FY25, which reflects 3 year EPS cumulative average growth rate (CAGR) of 32.7%, well above the 10% hurdle for 100% vesting of the ESP.

The items approved by the Board at the start of FY25 for adjustments to NPAT, for the purpose of calculating achievement of the targeted measures, reflect transformational strategic initiatives 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 FY25.

Profit item	\$m	Reason for adjustment
NPAT attributable to shareholders (pre performance fee)	19.9	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 (less the linked insurance cost recovery income) & Altius transition expenses	2.6	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.
Add: Merger & acquisition expenses	1.2	The transition of the Altius business is a Board agreed initiative that delivers enhanced Fixed Income capability and scale.
Add: Amortisation of Altius intangibles	0.1	Board agreed initiative to pursue specific inorganic growth opportunities to drive long term business growth. Expenses reflect due diligence and transaction costs for the acquisition of Altius Asset Management and other merger and acquisition pipeline activities.
Add: Amortisation of Altius intangibles	0.1	This acquisition-related accounting charge does not impact Australian Ethical's ongoing cash flows.
<b>Adjusted NPAT pre performance fee</b>	<b>23.8</b>	<b>Measure against which ESP vesting is assessed</b>
UPAT (pre performance fee)	23.8	

*All adjustments are shown net of tax*

#### 4.5 Executive Long-Term Incentive (ELTI)

There were no Executive KMP or Senior Executive Long-Term Incentive awards vested or paid in FY25.

The first tranche of ELTI awards lapsed without vesting at the end of FY25 as the relevant ELTI performance measures were not achieved.

#### 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 2025.

The movement in the Executive KMP remuneration outcomes (statutory basis) between FY24 and FY25 is due to:

- Chief Executive Officer (CEO) – the total statutory remuneration decreased compared to FY24. An increase in salary in line with industry benchmarking and an increase in cash STI were more than offset by a decrease in the value attributable to ELTI rights. The cash STI increase in FY25 reflects the significantly improved financial performance of the organisation, successful transformation agenda implementation and accretive M&A completion (Altius).
- Chief Investment Officer (CIO) – the total statutory remuneration increase is primarily due to higher cash STI. The STI cash increase in FY25 reflects the successful integration of Altius Asset Management, significant uplift in research ratings achieved, above market investment performance in core superannuation options and significant progress on the implementation of our investment operating platform (Charles River Investment Management System and Alpha Data Platform).
- 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) – FY25 ELTI expense relates to ELTI granted on 1 December 2023 and 1 December 2024 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 (refer to section 4.7.1)

### 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.

Name	Short-Term Benefits			Post-Employment Benefits			Long-Term Benefits					STI as a % of Fixed Remuneration	Variable Rem as a % of Total Remuneration
	Salary	STI – Cash <sup>1</sup>	\$	Super-annuation	Termination Benefits	\$	Long Service Leave	Deferred STI – Equity <sup>2</sup>	ESP – Equity <sup>3</sup>	ELTI – Rights <sup>4</sup>	Total \$		
2025 financial year													
Current Executive KMP													
J McMurdo <sup>5</sup>	540,732	335,000		29,932	–		14,222	302,256	35,900	53,204	1,311,246	111.7%	55.4%
K Hughes	303,645	88,000		29,932	–		14,163	–	21,333	22,062	479,135	26.4%	27.4%
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%
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%
2024 financial year													
J McMurdo <sup>5</sup>	520,497	285,000		27,399	–		10,726	297,077	52,567	129,173	1,322,439	106.2%	57.8%
K Hughes	296,172	71,500		27,399	–		10,026	–	31,333	15,348	451,778	32.0%	37.3%
M Loyez	375,361	110,000		27,399	–		8,829	–	38,000	74,842	634,431	22.1%	26.2%
M Simons	413,751	100,000		27,399	–		15,260	41,667	42,167	83,006	723,250	27.3%	35.1%
L Theau	474,864	263,688		27,399	–		9,663	28,252	20,779	49,552	874,197	13.5%	26.9%
R Piper <sup>6</sup>	416,263	60,000		27,399	–		12,946	–	23,530	84,403	624,541	32.1%	36.9%
M Enander <sup>6</sup>	352,579	121,406		27,399	–		8,388	–	36,950	72,777	619,499	58.1%	41.4%
Total 2024	2,849,487	1,011,594		191,793	–		75,838	366,996	245,326	509,101	5,250,135	45.3%	40.6%

<sup>1</sup> The Short-term Incentive ('STI') expense is the amount accrued for performance during the respective financial year using agreed KPI's. The 2025 amounts were approved by the PRC or, in the case of the CEO, the Board. STI in excess of \$130,000 (prior to 30 June 2025; \$100,000) is typically paid in deferred shares (with exception of the CEO and CIO who have additional deferral requirements).

<sup>2</sup> The Deferred Short-term incentive ('DSTI') expense for 2025 includes the current year expense impact of deferred shares in the FY22, FY23, FY24 and FY25 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.

<sup>3</sup> The ESP Equity expense for 2025 includes the relevant 2025 expense impact of the FY23 and FY24 grants 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 FY23 tranche will vest at an individual level in September 2025. There was no FY25 grant to KMP.

<sup>4</sup> The ELTI rights expense includes the current year expense impact of the Executive LTI (ELTI) granted in FY22, FY23, FY24 and FY25. The life-to-date expense relating to the FY23 grant was written back in FY25 as the probability of achieving the performance hurdles was assessed as nil. The life-to-date expense relating to the FY22 grant was written back in FY24 as the probability of achieving the performance hurdles was assessed as nil.

<sup>5</sup> The CEO was awarded 78% (2024: 69%) of his maximum STI incentive by the Board. The maximum incentive is 2 times his target STI at 30 June 2025. 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 2026.

<sup>6</sup> M Enander and R Piper were KMP until 30 June 2024.

### 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.

Name	Short-Term Benefits		Post-Employment Benefits			Long-Term Benefits				Performance related
	Salary <sup>1</sup>	Cash Bonus	Equity	Super-annuation <sup>1</sup>	Termination Benefits	Long Service Leave	ESP – Equity <sup>2,3</sup>	ELTI – Rights	Total	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>2025 financial year</b>										
Current Executive KMP										
J McMurdo	559,417	335,000	186,589	29,932	–	14,222	20,619	–	1,145,779	31.0%
K Hughes	305,090	88,000	–	29,932	–	14,163	12,370	–	449,555	22.3%
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%
<b>Total 2025</b>	<b>2,145,337</b>	<b>1,033,000</b>	<b>270,647</b>	<b>149,660</b>	<b>–</b>	<b>70,396</b>	<b>64,329</b>	<b>–</b>	<b>3,733,369</b>	<b>29.4%</b>
<b>2024 financial year</b>										
J McMurdo	531,076	285,000	128,812	27,399	–	10,726	184,092	–	1,167,105	40.2%
K Hughes	297,423	70,000	–	27,399	–	10,026	26,671	–	431,519	22.4%
M Loyez	376,951	100,000	11,454	27,399	–	8,829	31,976	–	556,609	23.7%
M Simons	416,773	100,000	40,085	27,399	–	15,260	31,819	–	631,336	20.9%
L Theau	475,277	–	–	27,399	–	9,663	–	–	512,339	0.0%
R Piper	416,731	70,000	–	27,399	–	12,946	–	–	527,076	13.3%
M Enander	354,308	92,500	28,731	27,399	–	8,388	32,199	–	543,525	22.9%
<b>Total 2024</b>	<b>2,868,539</b>	<b>717,500</b>	<b>209,082</b>	<b>191,793</b>	<b>–</b>	<b>75,838</b>	<b>306,757</b>	<b>–</b>	<b>4,369,509</b>	<b>23.4%</b>

<sup>1</sup> Fixed remuneration – includes base salary, payments made to superannuation funds and dividend income on unvested shares.

<sup>2</sup> 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).

<sup>3</sup> ESP – Equity 2024 represents the market value of vested shares during the financial year relating to employee share plan shares granted in September 2020. 100% of these shares vested as the performance criteria was fully achieved. The market value on the vesting date was \$4.24 (price at grant was \$4.53).



## 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 2022: based on the average share purchase price supporting the ESP program up to grant date.
- 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.

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 2022	\$5.29	\$4.54
Granted 1 December 2023	\$4.37	\$4.49
Granted 1 December 2024	\$4.25	\$4.43

The table below shows the number of rights granted on 1 December 2022 and the grant date fair value of those rights. The FUM growth performance hurdle for the Performance Rights granted 1 December 2022 have not yet been met. The Board's assessment is that the likelihood of meeting the performance hurdle by 30 June 2026 is less likely than more likely given the organic netflows still required to achieve the threshold. Accordingly, the fair value of these rights has been written down to nil. Statutory expense in the 'Remuneration Outcomes – Statutory Basis' table above includes the impact of the write-back.

This probability assessment does not change the ambitious growth that is still being targeted including both organic and complementary inorganic growth. Should the assessment be probable at a future date, then this write-back will be revisited.

Granted 1 December 2022	Granted as % of Fixed Remuneration	No. of Rights Granted	Grant Date Fair Value of Rights	Fair Value of Rights
J McMurdo	50%	49,622	225,284	–
K Hughes	10%	5,955	27,034	–
M Loyez	40%	28,733	130,450	–
M Simons	40%	31,758	144,181	–

The table below shows the number of rights granted on 1 December 2023 and 2024 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

## 4.7.1 ELTI Performance measures

The performance measures for the tranches granted in 2022, 2023 and 2024 are outlined below.

	Granted 1 December 2024	Granted 1 December 2023	Granted 1 December 2022
Performance measures	<p>Financial measures:</p> <ul style="list-style-type: none"> <li>• 50% - net flows, including no more than 50% from M&amp;A activity, over the 4-year vesting period of \$6.0bn</li> <li>• 25% - diluted earnings per share growth (hurdle 15%* CAGR, based on adjusted NPAT pre performance fees)</li> <li>• 25% - Total Shareholder Return (TSR) (hurdle of 10%** CAGR)</li> </ul> <p>Non-financial measures:</p> <ul style="list-style-type: none"> <li>• Median NPS (Net Promoter Score) for Financial Services companies in Australia<sup>^</sup></li> <li>• Median employee engagement score for financial services companies in Australia<sup>^^</sup>; and</li> <li>• Continued compliance with the aims of our Ethical Charter.</li> </ul>	<p>Financial measures:</p> <ul style="list-style-type: none"> <li>• Net flows, including no more than 50% from M&amp;A activity, over the 4-year vesting period of \$6.05bn</li> <li>• Underlying cost to income ratio of no more than 75%***</li> </ul> <p>Non-financial measures:</p> <ul style="list-style-type: none"> <li>• Median NPS for Financial Services companies in Australia<sup>^</sup></li> <li>• Median employee engagement score for financial services companies in Australia<sup>^^</sup>; and</li> <li>• Continued compliance with the aims of our Ethical Charter.</li> </ul>	<p>Financial measures:</p> <ul style="list-style-type: none"> <li>• Net flows, including no more than 50% from M&amp;A activity, over the 4-year vesting period of \$6.05bn</li> <li>• Underlying cost to income ratio of no more than 75%**</li> </ul> <p>Non-financial measures:</p> <ul style="list-style-type: none"> <li>• Median NPS for Financial Services companies in Australia<sup>^</sup></li> <li>• Median employee engagement score for financial services companies in Australia<sup>^^</sup>; and</li> <li>• Continued compliance with the aims of our Ethical Charter.</li> </ul>
Vesting period	Four years, ending 30 June 2028	Four years, ending 30 June 2027	Four years, ending 30 June 2026

\* 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.

<sup>^</sup> 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.

<sup>^^</sup> 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.

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-24	Number of shares/rights granted	Number of shares/rights forfeited	Number of shares vested	Number of shares sold	Balance at 30-Jun-25
<b>J McMurdo</b>									
Unvested Deferred STI shares & ESP	1-Sep-21	1-Sep-24	9.80	12,562	-	-	(12,562)	-	-
Unvested Deferred STI shares	1-Sep-22	1-Sep-24	5.29	17,722	-	-	(17,722)	-	-
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-24	4.53	20,989	-	-	(20,989)	-	-
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-27	4.25	-	67,059	-	-	-	67,059
Ordinary shares				91,628	-	-	51,273	-	142,901
Unvested Performance rights	1-Dec-21	1-Sep-25	10.34	24,178	-	(24,178)	-	-	-
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
<b>Total</b>				<b>361,679</b>	<b>168,335</b>	<b>(24,178)</b>	<b>-</b>	<b>-</b>	<b>505,836</b>
<b>K Hughes</b>									
Unvested ESP shares	1-Sep-21	1-Sep-24	9.80	3,061	-	-	(3,061)	-	-
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
Ordinary shares				19,545	-	-	3,061	-	22,606
Unvested Performance rights	1-Dec-21	1-Sep-25	10.34	2,901	-	(2,901)	-	-	-
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
<b>Total</b>				<b>52,034</b>	<b>23,647</b>	<b>(2,901)</b>	<b>-</b>	<b>-</b>	<b>72,780</b>

Name	Grant Date	Vesting Date	Share Price at Grant Date	Balance at 1-Jul-24	Number of shares/rights granted	Number of shares/rights forfeited	Number of shares vested	Number of shares sold	Balance at 30-Jun-25
<b>M Loyez</b>									
Unvested ESP shares	1-Sep-21	1-Sep-24	9.80	3,673	-	-	(3,673)	-	-
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
Ordinary shares				-	-	-	3,673	-	3,673
Unvested Performance rights	1-Dec-21	1-Sep-25	10.34	13,926	-	(13,926)	-	-	-
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
<b>Total</b>				<b>98,965</b>	<b>38,776</b>	<b>(13,926)</b>	<b>-</b>	<b>-</b>	<b>123,815</b>
<b>M Simons</b>									
Unvested ESP shares	1-Sep-21	1-Sep-24	9.80	4,082	-	-	(4,082)	-	-
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-22	1-Sep-24	5.29	5,671	-	-	(5,671)	-	-
Unvested Deferred STI shares	1-Sep-23	1-Sep-24	4.53	11,047	-	-	(11,047)	-	-
Unvested Deferred STI shares	1-Sep-23	1-Sep-25	4.53	4,419	-	-	-	-	4,419
Ordinary shares				46,955	-	-	20,800	(20,000)	47,755
Unvested Performance rights	1-Dec-21	1-Sep-25	10.34	15,474	-	(15,474)	-	-	-
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
<b>Total</b>				<b>177,910</b>	<b>54,118</b>	<b>(15,474)</b>	<b>-</b>	<b>(20,000)</b>	<b>196,554</b>
<b>L Theau</b>									
Unvested ESP shares	1-Sep-23	1-Sep-25	4.53	13,772	-	-	-	-	13,772
Unvested Deferred STI shares	1-Sep-24	1-Sep-27	4.25	-	26,590	-	-	-	26,590
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
<b>Total</b>				<b>59,746</b>	<b>87,178</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>146,924</b>

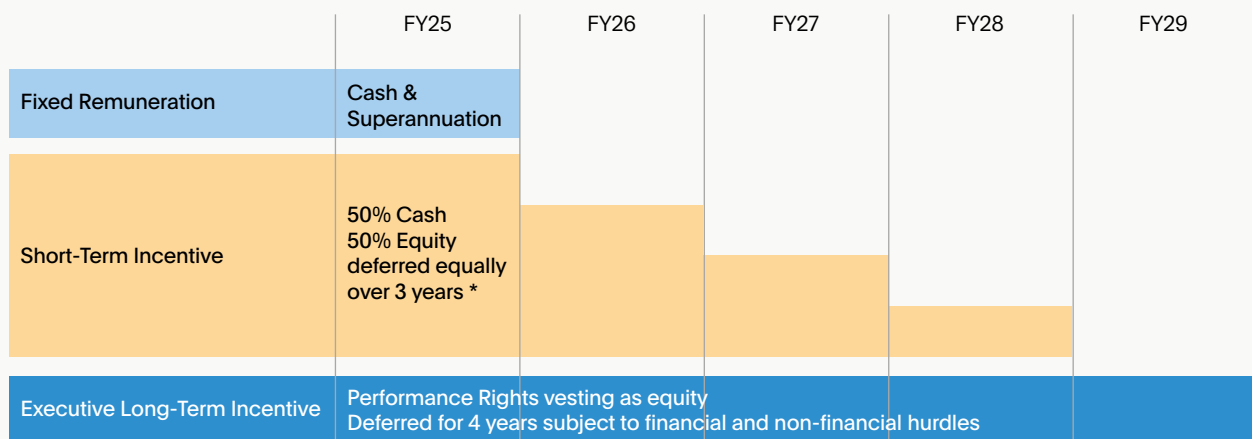
## 4.9 Contract terms

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	ESP	ELTI	Malus Provision
Fixed salary from 1 September 2025 is \$660,000 inclusive of super-annuation	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. An additional 4 year deferral may be applied to align with FAR.	No ESP grant from 1 July 2024 (previously 10% of fixed remuneration).  The shares are subject to the rules and terms of the Employee Share Plan.	Executive LTI – performance rights at 75% of fixed remuneration.	The Board has the discretion to reduce or cancel any STI or LTI for: <ul style="list-style-type: none"> <li>• Fraudulent or dishonest conduct;</li> <li>• Material misstatements or omission in the financial statements; or</li> <li>• Circumstances that occur that the Board determines to have resulted in unfair or inappropriate benefit</li> </ul>

The below graph summarises the structure of the variable incentive compensation paid or granted to the CEO in FY25. The graph depicts the combination of short and long term incentives granted and the upcoming vesting dates.



\* An additional 4 year deferral may be applied to align with FAR.

## 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 (the amount was previously \$1,000,000). 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 2024. NEDs do not receive performance-related pay and are not provided with retirement benefits apart from statutory superannuation.

In total, in FY25 directors' fees of \$822,186 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 and the Chair of Australian Ethical Superannuation Ltd does not receive any additional fees for chairing this Board.

From 1 November 2024	AEI \$	AES \$	The Foundation \$
<b>Base fees</b>			
Chair	158,097	39,524	–
Other non-executive directors	90,341	39,524	–
<b>Additional fees</b>			
ARC – chair	29,643	19,762	–
ARC – member	16,939	11,293	–
Investment Committee (IC) – chair	29,643	–	–
Investment Committee (IC) – member	16,939	–	–
Due Diligence Committee – chair	5,646	–	–
Due Diligence Committee – member	5,646	–	–
Insurance Benefits Committee (IBC) – chair	–	5,646	–
Insurance Benefits Committee (IBC) – member	–	5,646	–
PRC – chair	–	–	–
PRC – member	–	–	–
NC – chair	–	–	–
NC – member	–	–	–



## 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 Company's financial statements.

Name	People, Audit, Risk & Remuneration Compliance & Nominations					Investment Committee \$	Due Diligence Committee \$	Insurance Benefits Committee \$	Super- annuation \$	Total \$
	Board Fee \$	Committee \$	Committee \$	Committee \$	Committee \$					
2025										
S Gibbs	175,241	25,035	-	-	-	5,007	5,007	5,007	24,183	234,473
K Greenhill	115,159	43,810	-	-	-	5,007	5,007	5,007	19,433	188,416
S McCullagh	80,110	-	-	-	26,286	-	-	-	12,236	118,632
J Orr	80,110	21,652	-	-	15,021	-	-	-	13,430	130,213
R Brandweiner* (from 1 Sep 2024)	67,063	-	-	-	127	-	-	-	7,727	74,917
B Bissaker (from 15 May 2025)	17,187	-	-	-	-	-	-	-	1,976	19,163
M Bün (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	10,014	84,799	822,186
2024										
S Gibbs	169,050	24,150	-	-	-	4,830	4,830	4,830	22,315	225,175
K Greenhill	111,090	42,263	-	-	-	5,341	4,830	4,830	17,988	181,512
S McCullagh	77,280	-	-	-	25,357	-	-	-	11,290	113,927
J Orr	77,280	14,490	-	-	14,490	-	-	-	11,689	117,949
M Bün	111,090	24,150	-	-	14,490	-	-	-	16,470	166,200
Total	545,790	105,053	-	-	54,337	10,171	9,660	9,660	79,752	804,763

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

Michael Anderson is a Director of Australian Ethical Superannuation Pty Limited but is not a Director of Australian Ethical Investment Limited and is not a KMP. His remuneration is not included in the Director fee pool, and is not disclosed in the table above.

## 5.2 Shares owned by Non-Executive Directors

Name	Purchase date	Balance at 1 July 2024	No. of shares purchased	No. of shares at retirement	Balance at 30 June 2025
<b>Non-Executive Directors</b>					
M Bûn					
AEF Ordinary shares	13-Nov-17	57,000	–	57,000	–
<b>Total</b>		<b>57,000</b>	<b>–</b>	<b>57,000</b>	<b>–</b>

# 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 (same members as the PRN) and the Nominations Committee (comprised of Steve Gibbs, Sandra McCullagh and Julie Orr).

The PRN members for the financial year ended 30 June 2025 were:

- Steve Gibbs (Chair),
- Kate Greenhill,
- Julie Orr,
- Sandra McCullagh,
- Brian Bissaker (from 15 May 2025),
- Mara Bûn (until 31 October 2024).

The PRN met seven times during the year. Attendance at these meetings is set out in the Directors' Report. At the PRN's invitation, the 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 PRN 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 PRN 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 CEO is completed by the Chair 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 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.

## 6.5 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.

The Directors' report, incorporating the Remuneration report, is signed in accordance with a resolution of the Board of Directors.



**STEVE GIBBS**

Chair

People, Remuneration & Nominations Committee

27 August 2025



# 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 Australian Ethical Investment Limited for the financial year ended 30 June 2025 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.

A stylized, handwritten-style signature of the KPMG logo.

KPMG

A handwritten signature in cursive script that reads 'J. Davis'.

Jessica Davis

*Partner*

Sydney

27 August 2025

# Financial Statements and notes

## Statements of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2025

		Consolidated		Parent	
	Note	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
<b>Revenue</b>					
Operating revenue	5	119,384	100,491	101,266	84,866
<b>Expenses</b>					
Employee benefits	6	(39,262)	(33,963)	(38,683)	(33,471)
Fund related	7	(22,428)	(18,768)	(12,213)	(7,223)
Marketing	8	(9,602)	(9,113)	(9,602)	(9,113)
IT	9	(3,430)	(3,128)	(3,387)	(3,084)
External services	10	(2,607)	(3,143)	(2,170)	(2,513)
Foundation expenses	11	(2,566)	(2,159)	(2,804)	(1,822)
Other operating expenses	12	(2,415)	(2,099)	(1,943)	(1,596)
Depreciation	19	(1,073)	(881)	(1,073)	(881)
Amortisation	26	(309)	(239)	(309)	(239)
Occupancy		(760)	(685)	(760)	(685)
Finance charges	18	(151)	(173)	(151)	(173)
Integration & transformation costs	13	(4,322)	(5,068)	(454)	(213)
Due diligence & transaction costs	14	(1,719)	(1,379)	(1,719)	(1,379)
Total expenses		(90,644)	(80,798)	(75,268)	(62,392)
Change in fair value of investment	22	–	(2,159)	–	(2,159)
<b>Profit before income tax expense</b>		28,740	17,534	25,998	20,315
Income tax expense	15	(8,544)	(6,003)	(7,800)	(6,742)
<b>Net Profit for the year</b>		20,196	11,531	18,198	13,573
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Gain/(Loss) on revaluation of investments		15	(4)	–	–
Other comprehensive income for the year, net of tax		15	(4)	–	–
<b>Total comprehensive income for the year<sup>1</sup></b>		<b>20,211</b>	<b>11,527</b>	<b>18,198</b>	<b>13,573</b>
		<b>Cents</b>	<b>Cents</b>		
Basic earnings per share	37	18.08	10.33		
Diluted earnings per share	37	17.74	10.23		

1 Comprehensive income includes the results of The Foundation (refer to Note 39)

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

## Statements of financial position

AS AT 30 JUNE 2025

	Note	Consolidated		Parent	
		2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Assets					
Current assets					
Cash and cash equivalents	16	18,842	26,391	11,998	18,179
Term deposits		20,000	10,000	20,000	10,000
Trade and other receivables	17	12,413	3,647	9,564	6,611
Prepayments		1,834	1,626	1,534	1,254
Right-of-use assets	18	–	11	–	11
Total current assets		53,089	41,675	43,096	36,054
Non-current assets					
Deferred tax	15	6,346	4,409	5,736	3,863
Right-of-use assets	18	2,152	2,865	2,152	2,865
Property, plant and equipment	19	822	895	822	895
Term deposit		749	749	749	749
Investments in subsidiary	20	–	–	316	316
Related party loan	21	–	–	6,568	3,698
Financial assets through other comprehensive income		77	67	3	1
Intangibles and goodwill	26	6,497	574	6,497	574
Total non-current assets		16,643	9,559	22,843	12,961
Total assets		69,732	51,234	65,939	49,015
Liabilities					
Current liabilities					
Trade and other payables	23	11,335	9,242	8,205	5,446
Employee benefits	24	10,480	7,429	10,439	7,354
Deferred consideration	25	1,000	–	1,000	–
Tax payable	15	3,066	760	3,081	1,036
Lease liabilities	18	654	590	654	590
Total current liabilities		26,535	18,021	23,379	14,426
Non-current liabilities					
Lease liabilities	18	1,526	2,180	1,526	2,180
Employee benefits	24	523	390	523	390
Provisions		508	492	508	492
Deferred tax	15	189	7	189	7
Total non-current liabilities		2,746	3,069	2,746	3,069
Total liabilities		29,281	21,090	26,125	17,495
Net assets		40,451	30,144	39,814	31,520
Equity					
Issued capital	27	12,166	10,236	12,166	10,236
Reserves	28	4,078	3,459	4,061	3,457
Retained profits		24,207	16,449	23,587	17,827
Total equity		40,451	30,144	39,814	31,520

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 2025

	Issued capital \$'000	Share-based payment reserve \$'000	FVOCI <sup>1</sup> reserve \$'000	Retained profits \$'000	Total equity \$'000
	Note 27	Note 28	Note 28		
<b>Consolidated</b>					
Balance at 1 July 2023	10,515	2,293	6	13,940	26,754
Profit after income tax expense for the year	–	–	–	11,531	11,531
Other comprehensive income for the year, net of tax	–	–	–	(4)	(4)
Total comprehensive income for the year	–	–	–	11,527	11,527
<i>Transactions with owners in their capacity as owners:</i>					
Dividends provided for or paid (Note 29)	–	–	–	(9,022)	(9,022)
Shares vested under deferred shares plan during the year	2,388	(2,388)	–	–	–
Employee deferred shares & rights	–	3,552	–	–	3,552
Employee share plan – shares purchased on-market	(2,667)	–	–	–	(2,667)
Revaluation of investments	–	–	(4)	4	–
Balance at 30 June 2024	10,236	3,457	2	16,449	30,144

	Issued capital \$'000	Share-based payment reserve \$'000	FVOCI <sup>1</sup> reserve \$'000	Retained profits \$'000	Total equity \$'000
	Note 27	Note 28	Note 28		
<b>Consolidated</b>					
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
<i>Transactions with owners in their capacity as owners:</i>					
Dividends provided for or paid (Note 29)	–	–	–	(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
Employee share plan – shares purchased on-market	–	–	–	–	–
Revaluation of investments	–	–	15	(15)	–
Balance at 30 June 2025	12,166	4,061	17	24,207	40,451

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 2025

	Issued capital \$'000	Share-based payment reserve \$'000	Retained profits \$'000	Total equity \$'000
	Note 27	Note 28		
<b>Parent</b>				
Balance at 1 July 2023	10,515	2,293	13,276	26,084
Profit after income tax expense for the year	–	–	13,573	13,573
Other comprehensive income for the year, net of tax	–	–	–	–
Total comprehensive income for the year	–	–	13,573	13,573
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid (Note 29)	–	–	(9,022)	(9,022)
Shares vested under deferred shares plan during the year	2,388	(2,388)	–	–
Employee deferred shares & rights	–	3,552	–	3,552
Employee share plan – shares purchased on-market	(2,667)	–	–	(2,667)
Balance at 30 June 2024	10,236	3,457	17,827	31,520

	Issued capital \$'000	Share-based payment reserve \$'000	Retained profits \$'000	Total equity \$'000
	Note 27	Note 28		
<b>Parent</b>				
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
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid (Note 29)	–	–	(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
Employee share plan – shares purchased on-market	–	–	–	–
Balance at 30 June 2025	12,166	4,061	23,587	39,814

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 2025

		Consolidated		Parent	
	Note	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Cash flows from operating activities					
Receipts from customers		108,914	98,150	97,876	83,486
Payments to suppliers and employees		(74,008)	(69,603)	(63,002)	(56,098)
		34,906	28,547	34,874	27,388
Interest received		1,705	1,129	1,302	862
Grants to non-profit organisations		(1,890)	(1,660)	(1,822)	(1,099)
Income taxes paid		(7,833)	(5,724)	(7,833)	(6,166)
Net cash from operating activities	36	26,888	22,292	26,521	20,985
Cash flows from investing activities					
Payments relating to integration & transformation costs		(5,124)	(4,242)	(512)	(213)
Payments relating to due diligence & transaction costs		(1,911)	(1,079)	(1,911)	(1,079)
Acquisition of Altius	25	(4,278)	–	(4,278)	–
Payments for other intangible assets		(264)	(90)	(264)	(90)
Purchase instalment of investment in Sentient Impact Group		–	(429)	–	(429)
Distributions received		7	–	–	–
Purchase of investment		(1)	–	(1)	–
Investment in term deposit		(20,000)	(5,000)	(20,000)	(5,000)
Funds returned from term deposit		10,000	600	10,000	–
Payments for property, plant and equipment	19	(277)	(933)	(277)	(933)
Net cash used in investing activities		(21,848)	(11,173)	(17,243)	(7,744)
Cash flows from financing activities					
Purchase of employee's deferred shares		–	(2,667)	–	(2,667)
Interest on lease liabilities	18	(151)	(173)	(151)	(173)
Dividends paid	29	(12,438)	(9,022)	(12,438)	(9,022)
Loan to subsidiary entity - AES		–	–	(2,870)	(3,698)
Net cash used in financing activities		(12,589)	(11,862)	(15,459)	(15,560)
Net (decrease)/increase in cash and cash equivalents		(7,549)	(743)	(6,181)	(2,319)
Cash and cash equivalents at the beginning of the financial year		26,391	27,134	18,179	20,498
Cash and cash equivalents at the end of the financial year	16	18,842	26,391	11,998	18,179

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 27 August 2025. 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 and Interpretations 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 available-for-sale 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) Instrument 2021/195.

### 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 2025 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.

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 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, 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. 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.

New accounting policies adopted during the year in respect to business combinations, intangibles assets and goodwill are disclosed in note 26.

## **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.

### **Estimation of useful lives of assets – refer to Note 19**

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets based on the available information at balance date. The useful lives could change in future periods as a result of technical innovations, planned use and benefits or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

### **Lease term – Note 18**

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

### **Employee benefits provision – refer to Note 24**

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.

### **Share-based payment transactions – refer to Note 38**

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 31**

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 (which includes Altius).



**NOTE 5. REVENUE**

	Consolidated		Parent	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Management fees	89,893	75,753	71,212	59,383
Performance fees	–	187	–	187
Administration fees*	21,823	17,172	19,931	16,537
Principal investment advisory fee	–	–	8,889	7,650
Member fees (net of rebates)	5,403	6,012	–	–
Interest income	1,636	1,367	1,234	1,109
Other income (cost recovery linked to insurance harmonisation)	629	–	–	–
Revenue	119,384	100,491	101,266	84,866

\* Net of Operational Risk Financial Reserve contributions.

**Recognition and measurement****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 Group recognises revenue as the services are provided.

The parent entity earns investment management and 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'). The Group recognises these revenues as the services are provided.

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

The administration fee entitlement earned is net of \$618k (2024: \$2,297k) paid directly to the Operational Risk Financial Reserve ('ORFR') of the Super Fund.

**Performance fees**

Performance fees in relation to the Emerging Companies Fund and High Conviction 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	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Employee remuneration	35,347	30,404	35,029	30,141
Directors' fees	956	896	734	695
Strategic project contractors	–	255	–	255
Other committee member fees	112	107	112	107
Other employment related costs	2,847	2,301	2,808	2,273
	39,262	33,963	38,683	33,471

Employee expenses increased during the period due to the onboarding of the Altius team which enhanced our investment team capability. The increase in employee expense also reflects the run rate of key hires in FY24, inflationary salary increases, superannuation guarantee increases and other employee expense increases. 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 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	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Administration and custody fees	13,776	14,389	4,686	4,222
Asset managers, ratings and platform fees	1,392	971	1,385	964
Regulatory & industry body fees	1,541	1,493	513	460
Investment systems	2,304	1,142	2,304	1,142
Ethical research	242	174	242	174
Strategic projects - Regulatory related	353	501	263	172
Strategic projects - Fund related	2,820	98	2,820	89
	22,428	18,768	12,213	7,223

Administration and custody fees decreased due to the 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 services in the second quarter of the financial year. The unit cost improvements were partially offset by growth in funds under management. The new scalable rate cards provide a return on the multi-year transformation project costs and over time, allow the Group to reinvest in the business to deliver an enhanced member experience improving retention and acquisition and an institutional grade investment platform.

Regulatory projects costs were incurred to implement regulatory changes in the superannuation industry, including those in respect to operational risk management and the financial accountability regime. Strategic projects costs primarily relates to implementing new front office systems.

Investment systems costs increased due to the acquisition of Altius and the cost of new front office system and data licences. During the reporting period, the Group modified the classification of 'Investment systems' costs so that it is classified together with other fund investments related costs within 'Fund related' costs (previously included in 'IT' costs. Comparative amounts in the statement of comprehensive income were reclassified for consistency. As a result, \$1,142,000 has been reclassified in the 30 June 2024 comparative (consolidated and parent).

### Recognition and measurement

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

**NOTE 8. MARKETING**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2025 \$'000</b>	<b>2024 \$'000</b>	<b>2025 \$'000</b>	<b>2024 \$'000</b>
Distribution costs	4,288	4,540	4,288	4,540
Brand awareness	4,006	2,902	4,006	2,902
Other	1,308	1,671	1,308	1,671
	9,602	9,113	9,602	9,113

Marketing costs increased primarily due to higher brand spend as we drove greater brand awareness as part of our strategy. Distribution costs reduced due to the rationalisation of employment platforms and employment platform cost savings following a renegotiation of the rate card. The reduction in distribution spend was partially tempered by higher superannuation acquisition costs because of the increasingly competitive marketplace for super member acquisition.

**NOTE 9. IT**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2025 \$'000</b>	<b>2024 \$'000</b>	<b>2025 \$'000</b>	<b>2024 \$'000</b>
Client-facing systems	1,247	1,264	1,204	1,187
Support systems, infrastructure and security	2,087	1,666	2,087	1,649
Strategic projects	96	198	96	248
	3,430	3,128	3,387	3,084

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

**NOTE 10. EXTERNAL SERVICES**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2025 \$'000</b>	<b>2024 \$'000</b>	<b>2025 \$'000</b>	<b>2024 \$'000</b>
Internal & external audit and tax services	1,260	1,117	954	781
Consultants	743	955	626	754
Legal services	201	426	187	384
Other	403	645	403	594
	2,607	3,143	2,170	2,513

External audit and tax services increased primarily due to new fund audits following the Altius acquisition and non-recurring assurance services in respect to the custody transition to State Street, administrator transition to GROW Inc, and the acquisition of Altius.

**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 \$2,804,000 (2024: \$1,822,000) have been expensed and accrued for gifting from the parent entity to The Foundation. The Foundation has already committed to granting \$2,500,000 (2024: \$2,159,000) to non-profit organisations through its gifts program.

**NOTE 12. OTHER OPERATING EXPENSES**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2025 \$'000</b>	<b>2024 \$'000</b>	<b>2025 \$'000</b>	<b>2024 \$'000</b>
Insurance	994	854	527	379
Travel	749	691	748	690
ASX listing fees and registry costs	252	257	250	257
Printing and subscriptions	101	66	99	62
Foreign currency loss	96	48	96	48
Other	223	183	223	160
	2,415	2,099	1,943	1,596

**NOTE 13. INTEGRATION & TRANSFORMATION COSTS**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2025 \$'000</b>	<b>2024 \$'000</b>	<b>2025 \$'000</b>	<b>2024 \$'000</b>
Project Management and Project Team costs	2,615	2,623	352	183
Fund related transition costs	1,573	2,407	78	–
Legal and consulting	134	3	24	3
Marketing and member communications	–	8	–	–
Other	–	27	–	27
	4,322	5,068	454	213

Australian Ethical is transitioning its superannuation administration services to a single service provider. The first phase, which included over 80 per cent of superannuation members, was completed in the first half of FY25. The second phase is expected to be completed in FY26 with planning and preparatory project work costs being incurred in second half of FY25. This transformational project delivers a modern technology stack, improving growth flexibility with a more compelling commercial rate-card. The integration and transformation costs include external administrator costs to facilitate the configuration and transfer of member data alongside project management and team costs.

**NOTE 14. DUE DILIGENCE & TRANSACTION COSTS**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2025 \$'000</b>	<b>2024 \$'000</b>	<b>2025 \$'000</b>	<b>2024 \$'000</b>
Due diligence team employment costs	272	691	272	691
Consulting	1,438	688	1,438	688
Marketing and member communications	9	–	9	–
	1,719	1,379	1,719	1,379

Due diligence and transaction costs includes 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	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
<b>Income tax expense</b>				
Current tax	10,312	6,445	9,504	7,162
Deferred tax asset – temporary differences	(1,734)	(435)	(1,670)	(413)
Deferred tax liability – temporary differences	(34)	(7)	(34)	(7)
Aggregate income tax expense	8,544	6,003	7,800	6,742
Deferred tax included in income tax expense comprises:				
Increase in deferred tax assets	(1,734)	(435)	(1,670)	(413)
Decrease in deferred tax liabilities	(34)	(7)	(34)	(7)
Deferred tax – temporary differences	(1,768)	(442)	(1,704)	(420)
<b>Numerical reconciliation of income tax expense and tax at the statutory rate</b>				
Profit before income tax expense	28,740	17,534	25,998	20,315
Add / less: Tax exempt (profit) / loss attributable to The Foundation	(258)	316	–	–
Taxable profit before income tax	28,482	17,849	25,998	20,315
Tax at the statutory tax rate of 30% (2024: 30%)	8,545	5,355	7,800	6,094
Tax effect amounts which are not deductible / (taxable) in calculating taxable income:				
Other non-deductible items	(1)	648	–	648
Income tax expense	8,544	6,003	7,800	6,742

The effective tax rate for the consolidated group is 30.0% (2024: 34.2%) and for the parent entity is 30.0% (2024: 33.2%).

In the year ended 30 June 2024 the effective tax rate was higher than 30% primarily due to non-deductible expenses incurred in relation to the write-down of the investment in Sentient which is on capital account and not deductible. Excluding the impact of the change in fair value of the Sentient investment, the effective tax rate for the year ended 30 June 2024 was 30.0% for the consolidated group and 30.0% on profit attributable to shareholders.

## NOTE 15. INCOME TAX (CONTINUED)

	Consolidated		Parent	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
<b>Deferred tax asset</b>				
Deferred tax asset comprises temporary differences attributable to:				
Employee benefits	1,837	1,237	1,837	1,227
Provision for employee leave	1,306	1,030	1,294	1,019
Costs deductible over five years	984	379	819	296
Accruals	243	231	198	140
Grants to non-profit organisations	841	547	841	547
Provision for lease make-good	152	102	152	102
Other payables	975	709	587	358
Lease liabilities	8	174	8	174
Deferred tax asset	6,346	4,409	5,736	3,863
<b>Movements:</b>				
Opening balance	4,409	3,974	3,863	3,450
Altius acquisition	203	–	203	–
Charged to profit or loss	1,734	435	1,670	413
Closing balance	6,346	4,409	5,736	3,863
<b>Deferred tax liability</b>				
Deferred tax liability comprises temporary differences attributable to:				
Amounts recognised in profit or loss:				
Property, plant and equipment	5	7	5	7
Intangibles	184	–	184	–
Deferred tax liability	189	7	189	7
<b>Movements:</b>				
Opening balance	7	14	7	14
Altius acquisition	216	–	216	–
Charged to profit or loss	(34)	(7)	(34)	(7)
Closing balance	189	7	189	7
Provision for income tax payable	3,066	760	3,081	1,036

**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.



**NOTE 15. INCOME TAX (CONTINUED)**

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

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	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Cash at bank	122	26	20	20
Deposits at call	18,720	26,365	11,978	18,159
	18,842	26,391	11,998	18,179

**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 six 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	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Trade receivables	12,413	3,460	3,220	937
Receivable from subsidiary	–	–	6,344	5,486
Performance fee receivable	–	187	–	187
	12,413	3,647	9,564	6,610

Trade receivables are primarily fee revenue for the month of June which were received in July. Trade receivables increased relative to the prior year due to a change in the timing of cash receipts to align with standard industry practice.

**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 2025 (2024: 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 \$749,000 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 Group entered into a new lease for printing and copying equipment in November 2023 for a period of 4 years.

Consolidated & Parent	Office premises \$'000	IT hardware & infrastructure \$'000	Total \$'000
<b>Right-of-use assets</b>			
Balance at 1 July 2023	2,268	46	2,314
Additions	1,198	19	1,217
Depreciation	(616)	(39)	(655)
Balance at 30 June 2024	2,850	26	2,876
Comprising of:			
Current	–	11	11
Non-current	2,850	15	2,865
	2,850	26	2,876

Consolidated & Parent	Office premises \$'000	IT hardware & infrastructure \$'000	Total \$'000
<b>Right-of-use assets</b>			
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	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
<b>Amounts recognised in statement of cash flows</b>				
Interest on lease liabilities – financing	151	173	151	173
Payments to landlord – operating	590	384	590	384
Total cash outflow for leases	741	557	741	557

### 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. These are not included in Right-of-use assets or lease liabilities as the terms of these leases are 12 months or under. Lease payments on these assets are expensed to profit or loss as incurred.

<b>Consolidated &amp; Parent</b>	<b>Office premises \$'000</b>	<b>IT hardware &amp; infrastructure \$'000</b>	<b>Total \$'000</b>
<b>Lease liabilities</b>			
Balance at 1 July 2023	2,156	46	2,202
Additions	1,279	19	1,298
Payments	(519)	(38)	(557)
Interest on lease liabilities	(172)	(1)	(173)
Balance at 30 June 2024	2,744	26	2,770
Comprising of:			
Current	579	11	590
Non-current	2,165	15	2,180
	2,744	26	2,770

<b>Consolidated &amp; Parent</b>	<b>Office premises \$'000</b>	<b>IT hardware &amp; infrastructure \$'000</b>	<b>Total \$'000</b>
<b>Lease liabilities</b>			
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

**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 – PROPERTY, PLANT AND EQUIPMENT**

<b>Consolidated</b>	<b>Leasehold improvements \$'000</b>	<b>Plant and equipment \$'000</b>	<b>Total \$'000</b>
Balance at 1 July 2023	54	134	188
Additions	745	188	933
Asset transfer	(27)	27	–
Disposals	–	(4)	(4)
Depreciation expense	(110)	(112)	(222)
Balance at 30 June 2024	662	233	895
Additions	142	135	277
Disposals	–	–	–
Depreciation expense	(187)	(163)	(350)
Balance at 30 June 2025	617	205	822

**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 to write off the net cost of 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 20. NON-CURRENT ASSETS – INVESTMENTS IN SUBSIDIARY**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2025 \$'000</b>	<b>2024 \$'000</b>	<b>2025 \$'000</b>	<b>2024 \$'000</b>
Investment in AES (as trustee of the Super Fund)	–	–	316	316

**NOTE 21. NON-CURRENT ASSETS – RELATED PARTY LOAN**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Loan to subsidiary	–	–	6,568	3,698

The loan was provided to subsidiary AES to support the ongoing costs of the Super Fund administrator transition to GROW Inc. The loan is non-interest bearing until completion of the transition, expected to be before 31 December 2025. On completion, the loan becomes interest bearing and due to be repaid over a 5 year period. The parent entity support for AES includes waiving any loan repayment obligations to ensure AES continues as a going concern at all times.

**NOTE 22. FINANCIAL ASSETS THROUGH PROFIT OR LOSS**

<b>Consolidated</b>	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance as at 1 July – Investment in Sentient Impact Group	–	2,600
Fair value write-down	–	(2,159)
Cancellation of final Instalment payment	–	(441)
Balance as at 30 June	–	–

AE recorded a fair value write-down of \$2.16m in respect to its investment in Sentient Impact Group Pty Ltd during FY24.

**NOTE 23. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade payables and accruals	8,816	7,400	5,401	3,624
Grants to non-profit organisations	2,519	1,842	2,804	1,822
	11,335	9,242	8,205	5,446

Refer to Note 30 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 24. EMPLOYEE BENEFITS**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>				
Annual leave	2,089	1,712	2,076	1,694
Long service leave	1,741	1,332	1,713	1,311
Accrual for employee entitlements	6,650	4,385	6,650	4,349
	10,480	7,429	10,439	7,354
<b>Non-current</b>				
Long service leave	523	390	523	390

## NOTE 24. EMPLOYEE BENEFITS (CONTINUED)

### 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 25. ACQUISITION OF ALTIUS

The group acquired the Altius Asset Management ("Altius") business on 25 September 2024. Altius is a sustainable fixed income asset management business previously owned by Australian Unity Funds Management Limited. The acquisition is consistent with the Group's strategy to serve the growing potential addressable market created by the structural drivers favouring responsible investing, and to offer super fund members and investors increased access to ethical investment capability. The acquisition broadens Australian Ethical's fixed income capability consistent with our strategy, theory of change and Ethical Charter.

Total consideration of \$5,278,000 comprised of \$4,028,000 payable at the acquisition date, \$250,000 deferred consideration paid in December 2024 following the completion of certain transition steps and \$1,000,000 deferred consideration that remains wholly contingent on Australian Unity maintaining agreed minimum FUM targets in September 2025.

The fair values of the Altius assets and liabilities acquired on 25 September 2024 were:

	\$'000
<b>Assets</b>	
Intangibles – customer contracts and brand	721
Deferred tax assets	203
Total assets	924
<b>Liabilities</b>	
Employee benefits	(677)
Deferred tax liabilities	(216)
Total liabilities	(893)
<b>Identifiable net assets at fair value</b>	31

Goodwill was determined as follows.

Consideration	5,278
Identifiable net assets at fair value	(31)
Goodwill on acquisition	5,247

All of the above amounts have been measured on a provisional basis. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

The goodwill is attributable mainly to the future prospects and expected synergies that will arise from the acquisition, including the broadening of the Group's fixed income capability, strengthened ratings and opportunities for efficiency and future growth prospects. The goodwill has been allocated to the Fund Management segment cash-generating unit. The goodwill and other intangible assets recognised on acquisition are not deductible for tax purposes.

Transaction costs of \$236,000 (2024: \$647,000) have been expensed as incurred in the consolidated statement of comprehensive income.

Altius has contributed revenues of \$3,478,000 and net profit after tax of \$413,000 to the Group for the period since acquisition, being 25 September 2024 to 30 June 2025. If the acquisition had occurred from the beginning of the period, the Altius contribution to the Group's revenue and net profit after tax for the year ended 30 June 2025 is estimated to be \$4,550,000 and \$706,000 respectively.

**NOTE 26. NON-CURRENT ASSETS – INTANGIBLES AND GOODWILL**

<b>Consolidated &amp; Parent</b>	<b>Goodwill \$'000</b>	<b>Customer contracts \$'000</b>	<b>Brand \$'000</b>	<b>Software development \$'000</b>	<b>Total \$'000</b>
Balance at 1 July 2023	–	–	–	723	723
Additions	–	–	–	90	90
Amortisation expense	–	–	–	(239)	(239)
Balance at 1 July 2024	–	–	–	574	574
Additions (note 25)	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

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

During the reporting period, the Group modified the classification of software development from 'Property, plant and equipment' to 'Intangibles and goodwill' so that it is classified together with other intangibles. Comparative amounts in the statement of financial position were reclassified for consistency. As a result, \$574,000 has been reclassified in the 30 June 2024 comparative.

**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 is calculated to write off the cost of intangible assets under 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.

**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 27. EQUITY – ISSUED CAPITAL

	Consolidated			
	2025 Shares	2024 Shares	2025 \$'000	2024 \$'000
Ordinary shares – fully paid	113,419,775	112,782,052	12,166	10,236

**Movements in ordinary share capital**

Details	Date	Shares	Issue price	\$'000
Balance	30 June 2023	112,387,138		10,515
Vesting of deferred shares in the Employee Share Plan (255,234 shares)	15 September 2023	-	\$4.53	1,156
Vesting of deferred STI shares (108,628 shares)	15 September 2023	-	\$6.10	663
Vesting of deferred shares in the Employee Share Plan (8,528 shares)	10 November 2023	-	\$5.29	45
Purchase of deferred shares in the Employee Share Plan – on-market (568,032)	23 October to 12 December 2023	-	\$4.53	(2,571)
Purchase of deferred shares in the Employee Share Plan – on-market (18,261)	22 December 2023	-	\$5.27	(96)
Vesting of deferred shares in the Employee Share Plan (2,271 shares)	1 February 2024	-	\$7.37	16
Vesting of deferred shares in the Employee Share Plan (7,013 shares)	1 March 2024	-	\$5.68	40
Vesting of deferred shares in the Employee Share Plan (72,121 shares)	6 March 2024	-	\$6.49	468
Balance	1 July 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	30 June 2025	113,419,775		12,166

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.

**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.

**NOTE 27. EQUITY – ISSUED CAPITAL (CONTINUED)****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) \$150,000;
  - (b) 0.5% of the average value of scheme property (capped at \$5m); or
  - (c) 10% of the historical 3-year average responsible entity revenue (uncapped).

The minimum NTA was \$8.52m at 30 June 2025.

The Company must hold at least 50% of its minimum NTA required as cash or cash equivalents and hold at least \$50,000 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 28. EQUITY – RESERVES**

<b>Consolidated</b>	<b>Share-based payment reserve \$'000</b>	<b>FVOCI reserve \$'000</b>	<b>Total \$'000</b>
Balance at 30 June 2023	2,293	6	2,299
Shares vested under deferred share plan during the year	(2,388)	–	(2,388)
Employee deferred shares & rights*	3,552	–	3,552
Revaluation of investments	–	(4)	(4)
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

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

<b>Parent</b>	<b>Share-based payment reserve \$'000</b>	<b>FVOCI reserve \$'000</b>	<b>Total \$'000</b>
Balance at 30 June 2023	2,293	–	2,293
Shares vested under deferred share plan during the year	(2,388)	–	(2,388)
Employee deferred shares & rights*	3,552	–	3,552
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

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

**NOTE 28. EQUITY – RESERVES (CONTINUED)****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 38.

**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 29. EQUITY – DIVIDENDS****Dividends**

Dividends paid during the financial year were as follows:

	<b>2025</b> <b>\$'000</b>	<b>2024</b> <b>\$'000</b>
Final dividend for the year ended 30 June 2024 of 6 cents (2023: 5 cents) per ordinary share – fully franked (Paid 18 September 2024)	6,767	5,639
Interim dividend for the year ended 30 June 2025 of 5 cents (2024: 3 cents) per ordinary share – fully franked (Paid 21 March 2025)	5,671	3,383
	12,438	9,022

Subsequent to year end the Directors have declared a final dividend of 9 cents per fully paid ordinary share (2024: 6 cents final dividend). The aggregate amount of the declared dividend expected to be paid on 19 September 2025 out of profits for the year ended 30 June 2025, but not recognised as a liability at year end, is \$10,208,000 (2024: \$6,767,000). All dividends paid during the year were fully franked based on tax paid at 30%. The final dividend to be paid in September 2025 will be fully franked at 30%.

**Franking credits**

Dividends paid during the financial year were as follows:

	<b>2025</b> <b>\$'000</b>	<b>2024</b> <b>\$'000</b>
Franking credits available for subsequent financial years based on a tax rate of 30% (2024: 30%)	17,007	14,502

**Accounting policy for dividends**

Dividends are recognised when declared during the financial year.

## NOTE 30. 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 ARC. 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.

### 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 \$8,420,000 (2024: \$7,083,000).

### 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 & loss statements are reviewed by the Board quarterly to ensure there is sufficient liquidity within the Group.

## NOTE 30. FINANCIAL INSTRUMENTS (CONTINUED)

### Remaining contractual maturities

The Group's and Company's remaining contractual maturity for its financial instrument liabilities. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

### Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

## NOTE 31. 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. These include the use of recent arm's length market transactions, referenced to the current fair value of a substantially similar other instrument or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.	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. Previously related to the Company's investment in Sentient Impact Group.

**NOTE 31. FAIR VALUE MEASUREMENT (CONTINUED)**

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.

<b>Consolidated &amp; Parent</b>	<b>2025 \$'000</b>	<b>2024 \$'000</b>
Opening balance	–	–
Deferred consideration assumed in Altius business combination	1,250	–
Deferred consideration paid	(250)	–
Closing balance	1,000	–

<b>Financial assets &amp; liabilities measured at fair value</b>	<b>Consolidated</b>				<b>Parent</b>		
	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>	<b>Level 1 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>2024</b>							
Investments	1	66	–	67	1	–	1
Total assets	1	66	–	67	1	–	1
Deferred consideration	–	–	–	–	–	–	–
Total liabilities	–	–	–	–	–	–	–
<b>2025</b>							
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

The deferred consideration liability of \$1,000,000 (2024: \$0) is valued based on the amount expected to be paid in September 2025. The liability is classified as Level 3 on the basis that the expected cash flow is an unobservable input.

**NOTE 32. 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:

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2025 \$</b>	<b>2024 \$</b>	<b>2025 \$</b>	<b>2024 \$</b>
Short-term employee benefits*	3,886,951	4,668,202	3,764,625	4,487,077
Post-employment benefits	234,459	280,575	220,391	260,651
Long-term benefits	70,396	75,839	70,396	75,839
Share-based payments	832,831	1,121,423	832,831	1,121,423
	5,024,637	6,146,039	4,888,243	5,944,990

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

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

### NOTE 33. 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	
	2025 \$	2024 \$	2025 \$	2024 \$
<b>Audit services – KPMG</b>				
Audit and review of financial statements – Group	161,471	119,639	136,283	95,608
Audit and review of financial statements – managed funds for which the Company acts as Responsible Entity*	380,818	278,796	380,818	278,796
Audit and review of financial statements – superannuation fund for which the subsidiary entity acts as Responsible Superannuation Entity*	57,585	50,554	–	–
	599,874	448,989	517,101	374,404
<b>Assurance services – KPMG</b>				
Regulatory assurance services – Group	69,129	65,955	63,997	61,058
Regulatory assurance services – managed funds and superannuation fund*	91,125	80,028	12,420	–
Assurance services in respect to custody & administrator transitions	58,995	–	29,498	–
Assurance services in relation to the Sustainability Report	43,044	86,652	43,044	86,652
	262,293	232,635	148,959	147,710
<b>Other services – KPMG</b>				
Tax compliance and advisory services	244,625	150,854	210,077	117,655
Tax services in respect to custody & administrator transitions	87,125	–	87,125	–
	331,750	150,854	297,202	117,655
Total remuneration of KPMG	1,193,917	832,478	963,262	639,769

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

The increase in total remuneration for KPMG is primarily attributable to the custody and administrator transitions (\$146,120), and audit and tax compliance work relating to the expanded asset base following the acquisition of Altius (\$118,421) and other new Australian Ethical funds.

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 34. COMMITMENTS

The Group did not have any material capital commitments at 30 June 2025 (2024: none).



## NOTE 35. 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 32 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.

Australian Ethical Employee Share Trusts (EST) acts as trustee for the employee deferred share plan. Pacific Custodian Pty Limited acts as trustee to the trust.

### Transactions with related parties

The following transactions occurred with related parties:

	Consolidated		Parent	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
<b>Receipts from AES:</b>				
Administration fees	–	–	19,931	16,536
Investment management fees	–	–	44,135	38,395
Principal investment advisory fee	–	–	8,889	7,650
Transactions between the parent and subsidiary entities under tax consolidation and related tax sharing agreement	–	–	669	5,105
<b>Payments to The Foundation:</b>				
Grants paid to non-profit organisations	–	–	2,804	1,822
<b>Current receivables:</b>				
Amounts receivable from AES – trade payables	–	–	6,331	5,475
Amounts receivable from AES – loan	–	–	6,568	3,698
Amounts receivable from The Foundation – trade payables	–	–	13	11
<b>Current payables:</b>				
Amounts payable to The Foundation	–	–	(2,804)	(1,822)

# NOTE 36. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	Consolidated		Parent	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
<b>Profit after income tax expense for the year</b>	20,196	11,531	18,198	13,573
Adjustments for:				
Depreciation and amortisation	1,382	1,120	1,382	1,120
Non-cash employee benefits expense - deferred shares and rights	2,627	3,070	2,627	3,068
Change in fair value of investment	–	2,159	–	2,159
Integration & transformation costs	4,322	4,242	454	213
Due diligence & transaction costs	1,719	1,079	1,719	1,079
Interest on lease liabilities	151	173	151	173
<b>Change in operating assets and liabilities:</b>				
(Increase) in trade and other receivables	(8,765)	(1,172)	(2,633)	(966)
(Increase) in lease assets	–	(562)	–	(562)
(Increase) in other current assets	(211)	(151)	(282)	(151)
(Increase) in deferred tax assets	(1,561)	(435)	(1,497)	(435)
Increase/(Decrease) in trade and other payables	3,089	(763)	2,691	(548)
Increase in employee benefits	2,241	1,117	2,275	1,102
(Decrease)/Increase in lease liability	(590)	568	(590)	568
Decrease in other provisions	16	168	16	168
Increase in current tax liability	2,306	155	2,044	431
(Decrease) in deferred tax liability	(34)	(7)	(34)	(7)
<b>Net cash from operating activities</b>	<b>26,888</b>	<b>22,292</b>	<b>26,521</b>	<b>20,985</b>

# NOTE 37. EARNINGS PER SHARE

	Consolidated	
	2025 \$'000	2024 \$'000
Profit after income tax attributable to the owners of Australian Ethical Investment Limited and its Controlled Entities	20,196	11,531
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	18.08	10.33
Diluted earnings per share	17.74	10.23
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	111,720,362	111,634,688
Adjustments for calculation of diluted earnings per share:		
Deferred shares and rights	2,138,856	1,043,689
Weighted average number of ordinary shares used in calculating diluted earnings per share	113,859,218	112,678,377

**NOTE 37. EARNINGS PER SHARE (CONTINUED)****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 and its Controlled Entities, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

**Diluted earnings per share**

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

**NOTE 38. SHARE-BASED PAYMENTS**

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

As at 30 June 2024, the Employee Share Trust holds 1,659,899 shares (30 June 2024: 1,251,039 shares) on behalf of employees until vesting conditions are met.

In the current year, 637,723 shares were issued to be granted under the Deferred ESP and STI plans. In the prior year, \$2,667,000 was paid to purchase all deferred shares on-market. The Board has discretion to decide whether to issue new shares or purchase shares.

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

<b>2024</b>						
<b>Grant date</b>	<b>Vesting date</b>	<b>Balance at the start of the year</b>	<b>Granted</b>	<b>Vested</b>	<b>Forfeited</b>	<b>Balance at the end of the year</b>
1/9/2020	31/8/2023	324,938	–	(324,938)	–	–
1/9/2021	31/8/2023	32,086	–	(32,086)	–	–
1/9/2021	31/8/2024	41,351	–	(41,351)	–	–
1/9/2021	31/8/2024	207,139	–	(20,612)	(20,997)	165,530
1/9/2022	31/8/2024	29,300	–	(1,122)	–	28,178
1/9/2022	31/8/2025	427,421	–	(29,893)	(52,467)	345,061
1/9/2023	31/8/2026	–	479,259	(11,011)	(34,220)	434,028
1/9/2023	31/8/2025	–	206,925	–	–	206,925
		1,062,235	686,184	(461,013)	(107,684)	1,179,722
Unallocated treasury shares						71,317
Total deferred shares in the Employee Share Trust at 30 June 2024						1,251,039
<b>2025</b>						
<b>Grant date</b>	<b>Vesting date</b>	<b>Balance at the start of the year</b>	<b>Granted</b>	<b>Vested</b>	<b>Forfeited</b>	<b>Balance at the end of the year</b>
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

## NOTE 38. SHARE-BASED PAYMENTS (CONTINUED)

### 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 2025.

### 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 \$1,206,000 (2024: \$1,432,000) relating to the deferred shares granted under the long-term employee share plan.

### 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 \$1,350,000 (2024: \$1,050,000) 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 FY28 tranche comprises 445,054 hurdled performance share rights issued on 12 November 2024 for the CEO or 6 December 2024 for all other participants. Each component of the share right in the table below was fair valued and the average fair value price was \$4.43, 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 \$209,000 (2024: \$636,000 expense) for the executive long-term incentive plan rights.

**NOTE 38. SHARE-BASED PAYMENTS (CONTINUED)**

The performance measures for the ELTI tranches granted in 2022, 2023 and 2024 are outlined below.

	<b>Granted 1 December 2024</b>	<b>Granted 1 December 2023</b>	<b>Granted 1 December 2022</b>
Performance measures	<p>Financial measures:</p> <ul style="list-style-type: none"> <li>• 50% - net flows, including no more than 50% from M&amp;A activity, over the 4-year vesting period of \$6.0bn</li> <li>• 25% - diluted earnings per share growth (hurdle 15%* CAGR, based on adjusted NPAT pre performance fees)</li> <li>• 25% - Total Shareholder Return (TSR) (hurdle of 10%** CAGR)</li> </ul>	<p>Financial measures:</p> <ul style="list-style-type: none"> <li>• Net flows, including no more than 50% from M&amp;A activity, over the 4-year vesting period of \$6.05bn</li> <li>• Underlying cost to income ratio of no more than 75%***</li> </ul>	<p>Financial measures:</p> <ul style="list-style-type: none"> <li>• Net flows, including no more than 50% from M&amp;A activity, over the 4-year vesting period of \$6.05bn</li> <li>• Underlying cost to income ratio of no more than 75%**</li> </ul>
	<p>Non-financial measures:</p> <ul style="list-style-type: none"> <li>• Median NPS (Net Promoter Score) for Financial Services companies in Australia^</li> <li>• Median employee engagement score for financial services companies in Australia^^; and</li> <li>• Continued compliance with the aims of our Ethical Charter.</li> </ul>	<p>Non-financial measures:</p> <ul style="list-style-type: none"> <li>• Median NPS for Financial Services companies in Australia^</li> <li>• Median employee engagement score for financial services companies in Australia^^; and</li> <li>• Continued compliance with the aims of our Ethical Charter.</li> </ul>	<p>Non-financial measures:</p> <ul style="list-style-type: none"> <li>• Median NPS for Financial Services companies in Australia^</li> <li>• Median employee engagement score for financial services companies in Australia^^; and</li> <li>• Continued compliance with the aims of our Ethical Charter.</li> </ul>
Vesting period	Four years, ending 30 June 2028	Four years, ending 30 June 2027	Four years, ending 30 June 2026

\* 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.

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

### NOTE 39. 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 2025, the impact of The Foundation before intercompany eliminations is noted below:

	2025 \$'000	2024 \$'000
<b>Statement of comprehensive income</b>		
Revenue from parent entity	2,804	1,822
Interest income	20	34
Grants to non-profit organisations	(2,358)	(2,159)
Employee benefits expense	(167)	–
Audit fees and other operating expenses	(41)	(13)
Profit/(loss) for the year	258	(316)
<b>Other comprehensive income</b>		
Fair value adjustment of investment	15	(4)
Total comprehensive income for the year	273	(320)
	2025 \$'000	2024 \$'000
<b>Statement of financial position</b>		
<i>Assets:</i>		
Cash and cash equivalents	58	98
Receivables from parent entity	2,804	1,822
Other receivables	–	–
Financial assets at fair value through profit or loss	74	66
<i>Liabilities:</i>		
Grants to non-profit organisations	(2,519)	(1,842)
Trade payables	(24)	(24)
Net assets	393	120
<i>Equity:</i>		
Retained earnings	376	118
FVOCI reserve	17	2
<b>Total Equity</b>	<b>393</b>	<b>120</b>

### NOTE 40. CONTINGENT LIABILITIES

As of the 30 June 2025 there are no contingent liabilities (2024: Nil)

### NOTE 41. EVENTS AFTER THE REPORTING PERIOD

Apart from the dividend declared as disclosed in Note 29, no other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

## 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 87 and the Remuneration report in sections 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 2025 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 2025 set out on page 88 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 2025.
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  
27 August 2025



# 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 give a true and fair view, including of the **Group's** and of the **Company's** financial position as at 30 June 2025 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 2025;
- 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 2025;
- 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 *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audits of the Financial Reports 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 respective audits of the Financial Reports of the current period.

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

### Management fees (\$89.9m) and Administration fees (\$21.8m) – Group; and Management fees – (\$71.2m), Administration fees (\$19.9m) and Principal Investment advisory fee (\$8.9m) - 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
<p>Management, Administration and Principal investment advisory fees were a key audit matter due to the:</p> <ul style="list-style-type: none"> <li>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</li> <li>significance of the fees to the Group and Company, constituting 94% and 99% of the total revenue, respectively.</li> </ul> <p>Funds Under Management ("FUM") used in the calculation of fees is dependent on information sourced from third party service organisations which are both 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.</p>	<p>Our procedures included:</p> <p>For Group and Company:</p> <ul style="list-style-type: none"> <li>We assessed the appropriateness of the Group and Company's accounting policies against the requirements of Australian Accounting Standards and our understanding of the business and industry practice.</li> <li>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.</li> <li>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.</li> <li>We compared the independently calculated Management and Administration fee revenue to those of the Group and Company and investigated significant differences.</li> <li>We assessed funds under management ("FUM") by: <ul style="list-style-type: none"> <li>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;</li> <li>reconciling daily FUM sent by the custodian to the FUM used by the Group and</li> </ul> </li> </ul>

	<p>Company in the calculation of revenue;</p> <ul style="list-style-type: none"> <li>- obtaining and reading the custodian service organisation's <i>Guidance Statement 007 Audit Implications of the Use of Service Organisations for Investment Management Services</i> assurance report to understand the processes and assess the controls relevant to the determination of the FUM;</li> <li>- checking the quantity of assets held to external custodian service provider reports at balance date; and</li> <li>- using valuation specialists, testing the fair value of a sample of investments held by underlying by comparing the value to market data such as global and domestic equity prices.</li> </ul> <ul style="list-style-type: none"> <li>• We assessed the disclosures in the Financial Reports using our understanding obtained from our testing against the requirements of the accounting standards.</li> </ul> <p>For Company:</p> <ul style="list-style-type: none"> <li>• 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).</li> <li>• 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.</li> <li>• We compared the independently calculated fee revenue to the fee revenue recorded by the Company and investigated significant differences.</li> </ul>
--	---

## 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 Message from CEO, Message from the Chair, Financial year highlights, CIO's Report, Investment performance, 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 does 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; and
- 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](https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf). This description forms part of our Auditor's Report.



## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of Australian Ethical Investment Limited for the year ended 30 June 2025, 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 2025.

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

Jessica Davis

Partner

Sydney

27 August 2025