

## ASX ANNOUNCEMENT

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# Australian Ethical Investment Limited

## Full Year Financial Results to 30 June 2025

### STRONG FY25 RESULTS AS AUSTRALIAN ETHICAL PREPARES FOR THE NEXT STAGE OF GROWTH

#### Summary:

- ASX: AEF reports record FUM of \$13.94 billion (an increase of 34% on FY24)
- Growth in revenue (19%), UPAT (29%), and NPAT<sup>1</sup> (68%) compared to the prior (FY24) year
- UPAT drivers include organic growth in net flows, strong investment performance, the acquisition of Altius Asset Management and disciplined cost management
- Further operating leverage improvement with underlying cost to income ratio of 71.4% compared to 73.7% in FY24

Australian Ethical Investment Limited (ASX: AEF) today announced its financial results for the year ending 30 June 2025, with Underlying Profit After Tax (UPAT) of \$23.8 million, up 29% on FY24 and Net Profit After Tax (NPAT) attributable to shareholders of \$19.9 million, up 68% on FY24.

The ethical investment manager reached a new Funds Under Management (FUM) record of \$13.94 billion. This was 34% up on 30 June 2024.

Growth in FUM was driven by continued positive net flows (including record Superannuation Guarantee and year-end voluntary contributions), the acquisition of the Altius business, and investment performance over the period.

Managing Director, John McMurdo said today:

*"I'm particularly pleased that the investment performance over the period has delivered positively for our members in the Multi Asset superannuation options and for investors across a range of our funds<sup>2</sup>"*

*"Momentum across our business over the last five years means we have grown more than threefold, from \$4.05 billion FUM at 30 June 2020 to nearly \$14 billion today, with underlying EPS growing at a 20% compound average growth rate over this period."*

<sup>1</sup> Attributable to shareholders

<sup>2</sup> The annual return for the period to 30 June 2025 after fees. <https://www.australianethical.com.au/super/performance-and-prices/> and <https://www.australianethical.com.au/managed-funds/performance-and-prices/>

*"Our continued FUM growth has underpinned a 19% increase in revenue, 29% increase in underlying profit after tax, and delivered a record \$2.8m donation to the Australian Ethical Foundation"*

## Financial highlights

- Record underlying profit after tax (UPAT) of \$23.8 million, up 29% on FY24
- Statutory net profit after tax (NPAT) attributable to shareholders of \$19.9 million, up 68% on FY24
- Revenue up 19% to \$119.4 million
- Operating expenses of \$84.5 million up 14% (excluding integration and transformation costs, amortisation of Altius intangibles and due diligence and transaction costs)
- Underlying cost to income ratio improvement to 71.4% compared to 73.7% in FY24<sup>3</sup>
- Underlying diluted EPS<sup>4</sup> of 20.90 cents, up from 16.44 cents in FY24
- Final dividend of 9 cents per share, fully franked. Total FY25 dividend of 14 cents, up 56% on FY24
- Record donation to the Australian Ethical Foundation of \$2.8 million<sup>5</sup>
- Strong balance sheet, no gearing, well managed operating cash flow

## Operating Highlights

- FUM up \$3.5 billion compared to 30 June 2024
- Positive organic net flows of \$593 million
- Acquisition of Altius business, adding \$1.93 billion FUM with net outflows since acquisition of \$71 million
- Positive investment performance<sup>6</sup> of \$1.05 billion
- Transition of majority of members to GROW Inc for super administration and transition of custody and investment administration services to State Street, both delivering cost efficiencies and an improved platform for customer engagement and future growth
- Zenith and Lonsec Recommended Ratings for all Multi Asset funds
- Zenith Recommended ratings for Green Bond & Sustainable Bond Funds
- Increase in brand awareness from 11% to 22%<sup>7</sup>
- Multiple industry awards and accolades
- Top 3 NPS for super<sup>8</sup> and number 1 NPS among advisers<sup>9</sup>

## Revenue

Total revenue increased 19% to \$119.4 million. The increase was driven by average FUM growth of 31% partially offset by a reduction in average blended revenue margin which fell from 1.02% in FY24 to 0.92% in FY25 - this reduction was primarily driven by the acquisition of the lower margin Altius fixed income funds in late September 2024.

## Expenses

As Australian Ethical continues to scale, operating leverage has seen further improvement. Underlying cost to income ratio (CTI) improved from 73.7% in FY24 to 71.4% in FY25. FY25 expenses (excluding non-underlying UPAT adjustments), increased by 14% compared to FY24.

Expense increases were primarily driven by:

<sup>3</sup> Underlying cost to income ratio is calculated as total expenses excluding UPAT adjusted expenses, excluding the profit/loss attributable to the Foundation and excluding tax, divided by total revenue excluding UPAT adjusted revenue

<sup>4</sup> Based on UPAT attributable to shareholders

<sup>5</sup> 10% of AEI profits before deducting bonus and grant expense is allocated to the Foundation

<sup>6</sup> Net of fees and distributions

<sup>7</sup> YouGov Brand Health Index, July 2025

<sup>8</sup> Investment Trends Member Engagement Report 2025

<sup>9</sup> Against a benchmark peer set of active Australian small and mid-cap managers - CoreData Research: Bi-Annual Tracker Report; Q1 2025

- A 16% increase in employment expenses, driven by capability uplift including the onboarding of the six-person Altius team, as well as the run rate of FY24 hires and remuneration increases.
- A 20% increase in fund-related expenses, compared to average FUM growth of 31%. The increases relating to FUM and transaction volume growth was significantly offset by the new commercial rate cards following the superannuation administration and custody transitions, with custody and super administration fees decreasing 4%
- The overall increase in fund-related expenses was also driven by investment platform implementation costs and the acquisition of Altius
- A 10% increase in IT expenses following expenditure on a strengthened, more efficient and resilient technology infrastructure to support future business growth. Continued improvement in cloud and digital capability, and investment in cybersecurity defences contributed to the increase
- A 5% increase in marketing spend reflects our ongoing commitment to build our brand to support further growth

Expense increases were partially offset by:

- A reduction in external services expenses of 17%, as a result of lower recruitment and consulting costs

Summary of Group profits	2025 \$'000	2024 \$'000
Net profit after tax (NPAT)	20,196	11,531
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>
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)</b>	<b>23,802</b>	<b>18,519</b>

### Final dividend

The Board declared a fully franked final dividend of 9 cents per share for the year ended 30 June 2025. The record date is 4 September 2025 with payment on 19 September 2025. This takes the full year dividend to 14 cents, up 56%.

### Australian Ethical Foundation Limited

During the period, Australian Ethical allocated \$2.8 million to the Australian Ethical Foundation for its future work supporting high impact, innovative charities in their work to combat climate change in three specific focus areas: place-based nature solutions; unlocking capital for nature; and climate justice and resilience.

Each year, 10 per cent of Australian Ethical profits<sup>10</sup> are allocated to not-for-profit organisations through the Foundation.

<sup>10</sup> Before deducting bonus and grant expense

## Board Updates

Following more than a decade of service, Kate Greenhill has announced her retirement from the Boards of Australian Ethical Investment Limited, Australian Ethical Superannuation Pty Ltd and the Australian Ethical Foundation Limited. Kate will retire by 31 October 2025.

Steve Gibbs, Chair of Australian Ethical said: "The Board is sincerely grateful for Kate's contribution. She has brought substantial expertise to our governance and financial oversight given her extensive prior professional services experience and been an important part of overseeing a significant scaling of the Australian Ethical business over the last 12 years".

Kate Greenhill said: "It has been a career highlight and privilege to help steer Australian Ethical for the last 12 years. The organisation has gone from strength to strength, becoming a proof point that enterprises with purpose can do good, do well, and achieve exponential scale along the way. Australian Ethical has become a beacon for responsible investment and offers a global use case for commercial success that is valuable for people and planet".

Australian Ethical announced two new Board appointments to the Australian Ethical Investment Limited Board over the last year, with Richard Brandweiner and Brian Bissaker already making a valued contribution to the recent success of the Group. These additions have been part of a well sequenced and disciplined Board renewal program.

The Board also advises that Steve Gibbs has stepped down as Chair of subsidiary company, Australian Ethical Superannuation Pty Ltd, effective close of business 25 August 2025, but remains as a non-executive director of that entity and remains as Chair of Australian Ethical Investment Limited. Fiona Reynolds, who joined the board of Australian Ethical Superannuation Pty Ltd on 1 July 2024, has been appointed as Chair of Australian Ethical Superannuation Pty Ltd, effective close of business 25 August 2025.

"Fiona Reynolds brings deep experience and knowledge of both superannuation and responsible investing," said Steve Gibbs. "She served as CEO of the UN Principles for Responsible Investment for nine years, based in London, and is the former CEO of the Australian Institute of Superannuation Trustees. Fiona also serves on the board of the Australian Sustainable Finance Institute and is the Chair of the United Nations Global Compact Australia Network. We are delighted she has accepted the role of Chair of Australian Ethical Superannuation."

## Outlook

Over FY26, Australian Ethical anticipates further profit uplift coupled with sensible reinvestment in the business designed to prepare for the next phase of growth.

Growth in organic FUM is expected to continue, underpinned by the compulsory Superannuation Guarantee contribution rate increase and the focus on retention and engagement of the member base, as well as continued focus on the values-aligned middle market channel for the non-super business.

Further, Australian Ethical sees potential for new revenue capture through the recent asset class expansion in private markets and fixed income, and future potential in international equities. The investment talent, product expansion and systems that it continues to build sees it well placed to deliver, whilst further incremental fee reductions are expected to result in a modest decline in FY26 revenue margin.

FY26 will see the completion of a number of inflight initiatives, and will see further targeted capability uplift to underpin future growth. In FY26, the full run rate of the financial benefits of the FY25 operating platform enhancements are expected.

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

*"I am proud of the growth we've achieved over the past five years and the work the team has done in the past year, guided by our Board, to set us up for our next phase of growth.*

*"We anticipate that the completion of our new superannuation and investment management operating platforms will unlock further growth across both business lines as we strengthen our member and investor experience and enhance our market position.*

*"We are confident that we can continue to grow both organically and periodically inorganically and also deliver further operating leverage improvements over time.*

*"Whilst we expect the market and economic volatility experienced in FY25 to continue, we are very well-positioned with our high-quality capability, long term investment performance, strong balance sheet, enhanced business platform, brand trust, channel breadth and our deep ethical pedigree. We believe that the medium-term market opportunity remains compelling for Australian Ethical."*

This announcement is authorised by the Board.

**END**

#### **About Australian Ethical**

Australian Ethical is one of Australia's leading ethical investment managers\*. Since 1986, Australian Ethical has provided investors with investment management products that align with their values and provide long-term, risk adjusted returns. Investments are guided by the Australian Ethical Charter which shapes its ethical approach and underpins both its culture and its vision. Australian Ethical has over \$13 billion in funds under management across investments and superannuation. Visit: [www.australianethical.com.au](http://www.australianethical.com.au)

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