

APPENDIX 4D STATEMENT FOR THE HALF-YEAR ENDING 31 DECEMBER 2025

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This half-year report is presented under listing rule 4.2A and should be read in conjunction with the Company's 2025 Annual Report.

This announcement was authorised for release by the Board of Australian Foundation Investment Company Limited.

Australian Foundation Investment Company Limited
ABN 56 004 147 120

Income, Capital Growth, Low Cost

**AUSTRALIAN
FOUNDATION
INVESTMENT
COMPANY**

Results for Announcement to the Market

The reporting period is the half year ended 31 December 2025, with the prior corresponding period being the half year ended 31 December 2024.

The half year financial report has been reviewed by the Company's auditors.

- > Profit after tax was \$147.0 million, down 4.6% on the previous corresponding period's \$154.2 million.
- > Profit after tax attributable to members was \$146.9 million (down 4.7% on the previous corresponding period's \$154.2 million).
- > Revenue from operating activities was \$168.7 million, down \$4.8 million or 2.8% from the previous corresponding period. This excludes capital gains on investments.
- > Investment income for the six months to 31 December 2025 was \$160.6 million, down from \$166.3 million in the corresponding period last year. While ARB and Wesfarmers paid special dividends during the period, overall dividends were down because of lower dividends from BHP, Woodside Energy Group and Woolworths Group (special dividend last half year) amongst others, and from the reduced holdings from sales in Commonwealth Bank of Australia and Wesfarmers.
- > The interim dividend is 12.0 cents per share fully franked, plus a special dividend of 2.5 cents (also fully franked). The dividend will be paid on 26 February 2026 to ordinary shareholders on the register on 3 February 2026, and the shares are expected to commence trading on an ex-dividend basis on 2 February 2026. There is no conduit foreign income component of the dividend. No LIC gains are attached to the interim dividend.
- > A Dividend Reinvestment Plan (DRP) and Dividend Substitution Share Plan (DSSP) are available, the price for which will be set at a **nil discount** to the Volume Weighted Average Price of the Company's shares traded on the ASX and Cboe automated trading systems over the five trading days from when the shares trade ex-dividend. The last date for the receipt of an election notice for participation in the DRP and DSSP is 5pm (AEDT) on 4 February 2026.
- > If market conditions permit the intention is to buy back the shares issued under the DRP/DSSP on market during the remainder of this financial year.
- > The final dividend for the 2025 financial year was 14.5 cents per share (fully franked), plus a special dividend of 5.0 cents (also fully franked), and they were paid to shareholders on 28 August 2025.
- > Portfolio return for the half year was negative 2.0%, including franking. The return for the S&P/ASX 200 Accumulation Index was 4.2% including franking over this period. In the 12 months to 31 December 2025, the portfolio return was 1.2%, whereas the S&P/ASX 200 Accumulation Index return over this period including franking was 11.5%. AFIC's performance returns are after costs.
- > Net tangible assets per share before any provision for deferred tax on the unrealised gains on the long term investment portfolio as at 31 December 2025 were \$7.90, down from \$8.24 at 31 December 2024 (both before allowing for any announced dividends).
- > The Company will be providing an update on these results via a webcast for shareholders on Wednesday 21 January 2026 at 3.30 pm (AEDT). Details are on the website at afi.com.au.

AFIC Declares 2.5 Cent Per Share Special Dividend. Half-Year Report to 31 December 2025

AFIC's investment focus is on a diversified portfolio of Australian equities, seeking to provide attractive dividend and capital growth to shareholders over the medium to long term. This is achieved at a low cost and with low portfolio turnover, which produces tax-effective outcomes for shareholders. AFIC's management expense ratio for the period is 0.11% (annualised) with no additional fees.

The Half Year Profit was \$147.0 million, down from \$154.2 million in the previous corresponding period. The decrease in the profit from last year was primarily due to lower dividends from BHP, Woodside Energy Group and Woolworths Group (special dividend paid last half year) amongst others, and from the reduced holdings because of sales in Commonwealth Bank of Australia and Wesfarmers.

The interim dividend was maintained at 12.0 cents per share fully franked. A special dividend of 2.5 cents per share has also been declared. This reflects the substantial balance of franking credits built up over recent years, particularly through the generation of realised capital gains.

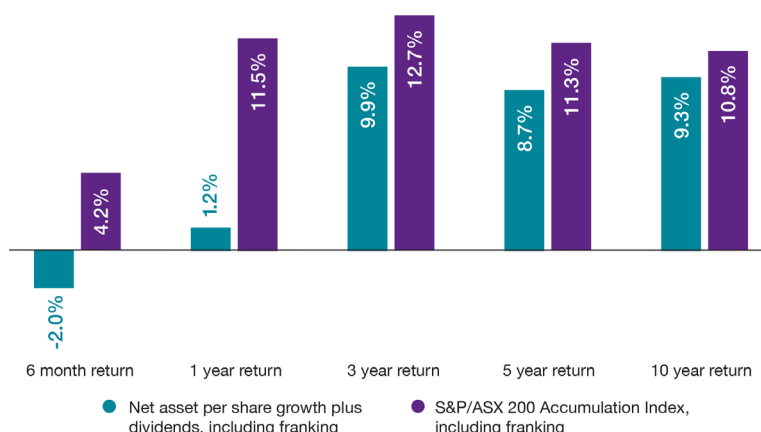
The Board is also intending to pay an additional 2.5 cents per share special dividend fully franked with the final dividend, expected to be declared with the financial year result to be announced on 27 July 2026. Directors will consider further capital management initiatives for the next financial year taking into consideration the balance of franking credits and the generation of realised capital gains.

Based on the ordinary interim dividend declared, the ordinary final dividend paid and including the proposed 5 cents of special dividends previously announced in December for this financial year, the grossed-up dividend yield on the share price of \$7.19 at 31 December 2025 is 6.3%.

Portfolio return for the half year was negative 2.0%, including franking. The return for the S&P/ASX 200 Accumulation Index was 4.2% including franking over this period. The portfolio return over 12 months was 1.2%, which is below the S&P/ASX 200 Accumulation Index return over this period including franking of 11.5%.

In comparing these returns to the benchmark, a number of long term holdings in the portfolio underperformed the market during the year. These include CSL, ARB Corporation, James Hardie Industries, Reece Limited and CAR Group. In addition, sectors in which AFIC does not traditionally invest such as small and mid-cap resources were up substantially, with the one year returns for these sectors up 73.0% and 104.3% respectively. Gold which is included in these figures was up 127.0% for the year.

Portfolio return (including the full benefit of franking) – per annum to 31 December 2025



AFIC's performance figures are after costs. AFIC on occasion incurs realised capital gains tax on the sale of shares. Not all the franking generated from these realised capital gains is paid out immediately as dividends and is therefore not included in these performance figures. Past performance may not be indicative of future performance.

Market Commentary and Portfolio Performance

The S&P/ASX 200 Accumulation Index (not including the benefit of franking) rose 10.3% in the calendar year with a large part of this return coming from the resource and banking sectors.

Resource stocks had the strongest returns, up 35.1%, buoyed by positive rises in gold, copper, rare earths and, most recently, lithium commodity prices, leading to a 104.3% return for the mid-cap resources index and 73.0% for the small-cap resources index. Gold which is included in these figures was up 127.0% for the year.

Banks also performed strongly over the 12 months, with this sector delivering a return of 16.7% as valuation multiples remained at elevated levels. Industrials were only up 4.0% over the calendar year.

Major sectors to underperform were Healthcare, down 23.7% (driven largely by CSL) and Information Technology, down 20.8% as many companies in this sector retraced the gains from last year as valuation multiples returned from highly elevated levels.

This proved to be a challenging environment with the AFIC portfolio including the benefit of franking returning 1.2% over the 12 months, underperforming the S&P/ASX 200 Accumulation Index return of 11.5% including franking.

Underperformance came from many large core holdings that had significant declines in their share prices during the year. These included CSL, ARB Corporation, James Hardie Industries (because of a poorly structured large acquisition), CAR Group, Mainfreight and REA Group. IDP Education has also been a disappointing investment for us having a material negative impact on performance.

Additionally, having no exposure to small and mid-cap resources which were up substantially over the period also had a significant impact. AFIC is not typically an investor in these sectors given the highly cyclical nature of many companies within this area of the market and lack of consistent earnings growth.

We prefer to focus on companies with prospects for long term earnings growth, which can produce attractive reinvestment opportunities and dividends.

Portfolio Adjustments

Our investment approach concentrates on investing in quality companies to generate long term returns. We remain focused on continuous improvement in our processes to produce returns in line with our investment objectives. Recent adjustments to the portfolio reflect this.

Large positions in Wesfarmers and Commonwealth Bank of Australia continued to be trimmed. We consider both companies to be high quality but extremely over-valued. Any subsequent falls in their respective share prices give us the potential to buy back into these companies as their share prices start to better reflect fair value.

The trimming of our positions in platform provider Netwealth Group, as well as Westpac Banking Group and National Australia Bank, was done for a similar reason.

Our selling in WiseTech Global and James Hardie Industries was done on quality considerations.

We have fully exited WiseTech Global after previously adding to the position. This decision was made based on a reassessment of the quality of this company. WiseTech Global's core software product remains a market leader, but our concerns centre on the company's governance shortcomings. We think this risk is amplified by a recent acquisition that was largely debt funded.

We have reduced our investment in James Hardie Industries. The company still has an attractive long term growth opportunity, but a stretched balance sheet combined with management and board turnover mean the risk profile has increased. The valuation has returned to very reasonable levels. Therefore, we have decided to maintain an investment in James Hardie Industries but reduced it to what we consider to be a more appropriate size, given the changed circumstances.

Buying during the period was concentrated in two blue chip companies where in each case we see an attractive dividend yield combined with high-quality and attractive valuation – Woolworths Group and Telstra Group.

Woolworths Group has recently delivered some disappointing financial results because of poor execution in its core supermarkets business. We see the issues as temporary and believe this has given us the opportunity to invest in a high returning, defensive business that provides our portfolio with a good mix of fully franked dividend income plus growth.

Telstra Group remains the dominant leader in an attractive industry that continues to be driven by a growing population's increasing usage of data. The company's returns are improving and the balance sheet is in good shape, which should result in a high fully franked dividend yield that we believe can grow over time.

We continued to build our investment in Sigma Healthcare in a patient and disciplined manner by taking advantage of some recent short term underperformance in the share price.

Following the merger with Chemist Warehouse, Sigma Healthcare is now Australia's leading retail pharmacy franchisor, distributor and wholesaler. The company has a strong track record of execution with double-digit revenue growth over the past two decades. The company continues to have a long growth runway, as it operates in an attractive, strongly growing healthcare and beauty retail category in which it is winning market share. Sigma Healthcare primarily offers our portfolio an attractive level of capital growth alongside modest, albeit strongly growing, dividends.

We added to our position in healthcare giant CSL. We are aware of the short term pressures on the business and are frustrated by the share price performance, but we continue to see a compelling long term investment case given the current valuation.

We took advantage of a sell-off in a number of quality small-cap growth companies to add to the portfolio. This included buying Life360, an emerging technology business that earns subscription and advertising revenue through its family tracking and safety app. We rate management highly and see the potential for long term capital growth. We made our initial investment once the valuation had returned to more reasonable levels.

We also increased our position in Macquarie Technology Group, a leading Australian data centre and cyber security company. We continue to see a compelling long term investment in terms of both quality and value.

International Portfolio

The international portfolio within AFIC has continued to generate value for shareholders, with the portfolio standing at \$170.0 million on 31 December 2025 following the initial investment of \$103.5 million in May 2021.

As previously communicated to shareholders preparatory work has been undertaken in consideration of establishing a separate low-cost global investment company in the future. However, at this stage we are not considering the listing of a separate fund.

In this context we have decided to adjust the approach by continuing to invest in international markets focusing on a smaller number of holdings. This will still provide AFIC with the opportunity to find the best ideas in international markets through a more concentrated and complementary portfolio consistent with AFIC's investment style. This is particularly relevant in an increasingly concentrated Australian equity market. The Board believes this approach also provides for greater strategic flexibility in the future. In addition, it will continue to benefit the investment team managing the broader AFIC portfolio by having greater exposure to insights arising from international markets, particularly as many of the Australian listed companies in the portfolio operate globally.

Outlook

Despite extreme geopolitical uncertainty and a more indeterminate outlook for economic growth and inflation in Australia and elsewhere, the market delivered another strong year of performance in the 12 months to 31 December 2025. Only a more subdued December quarter prevented the S&P/ASX 200 Index from closing at all-time high levels. In our view this leaves the market looking expensive, especially against long-term averages for the market's price to earnings ratio and dividend yield.

While we remain cautious in this environment, in a market that is seemingly driven by a greater short-term focus and swings in momentum, we have been able to take advantage of buying opportunities in selected companies that we judge to be high quality and have attractive long term growth prospects.

In this context, we continue to believe that owning a diversified portfolio of high-quality companies can produce an attractive level of income and capital growth over the long term, thereby enabling us to meet our dividend and long term total return objectives.

Please direct any enquiries to:

Mark Freeman
Managing Director
(03) 9650 9111

Geoff Driver
General Manager

21 January 2026

Major Transactions in the Investment Portfolio

| Acquisitions | Cost (\$m) |
|----------------------------|-------------------|
| Woolworths Group | 45.2 |
| Telstra Group | 30.2 |
| Sigma Healthcare | 28.7 |
| WiseTech Global | 20.0 |
| CSL | 15.0 |
| Life360 | 13.5 |
| Macquarie Technology Group | 12.7 |

| Disposals | Proceeds (\$m) |
|--------------------------------|-----------------------|
| Wesfarmers | 70.4 |
| WiseTech Global* | 66.1 |
| Netwealth Group | 33.2 |
| James Hardie Industries | 28.3 |
| Commonwealth Bank of Australia | 20.1 |
| National Australia Bank | 20.0 |
| Westpac Banking Corporation | 20.0 |

* Complete disposal from the portfolio.

New Companies Added to the Portfolio

Life360
 Temple & Webster Group
 Objective Corporation

Top 25 Investments at 31 December 2025

Includes investments held in both the investment and trading portfolios.

Value at Closing Prices at 31 December 2025

| | | Total Value \$ Million | % of the Portfolio |
|--------------|--|---------------------------|-----------------------|
| 1 | BHP* | 942.1 | 9.6% |
| 2 | Commonwealth Bank of Australia | 823.5 | 8.4% |
| 3 | National Australia Bank* | 502.2 | 5.1% |
| 4 | Westpac Banking Corporation | 492.9 | 5.0% |
| 5 | CSL | 469.3 | 4.8% |
| 6 | Macquarie Group | 436.4 | 4.5% |
| 7 | Wesfarmers | 391.2 | 4.0% |
| 8 | Transurban Group* | 375.0 | 3.8% |
| 9 | Goodman Group* | 357.0 | 3.6% |
| 10 | Telstra Group* | 338.0 | 3.5% |
| 11 | Rio Tinto | 273.4 | 2.8% |
| 12 | ANZ Group Holdings | 269.5 | 2.8% |
| 13 | Woolworths Group | 243.7 | 2.5% |
| 14 | ResMed | 240.4 | 2.5% |
| 15 | Coles Group* | 197.9 | 2.0% |
| 16 | Woodside Energy Group | 192.6 | 2.0% |
| 17 | CAR Group | 175.0 | 1.8% |
| 18 | ALS | 154.5 | 1.6% |
| 19 | Mainfreight | 142.4 | 1.5% |
| 20 | Computershare | 134.2 | 1.4% |
| 21 | Brambles | 134.1 | 1.4% |
| 22 | ARB Corporation | 132.9 | 1.4% |
| 23 | James Hardie Industries | 129.8 | 1.3% |
| 24 | Amcor | 120.7 | 1.2% |
| 25 | Fisher & Paykel Healthcare Corporation | 117.5 | 1.2% |
| Total | | 7,786.1 | |

As percentage of total portfolio value (excludes cash)

79.5%

* Indicates that options were outstanding against part of the holding.

Portfolio Performance to 31 December 2025

| Performance Measures to 31 December 2025 | 6 Months | 1 Year | 3 Years % pa | 5 Years % pa | 10 Years % pa |
|--|----------|--------|-----------------|-----------------|------------------|
| Portfolio Return – Net Asset Backing Return Including Dividends Reinvested | -3.0% | -0.4% | 8.3% | 7.1% | 7.5% |
| S&P/ASX 200 Accumulation Index | 3.7% | 10.3% | 11.4% | 9.9% | 9.3% |
| Portfolio Return – Net Asset Backing Gross Return Including Dividends Reinvested* | -2.0% | 1.2% | 9.9% | 8.7% | 9.3% |
| S&P/ASX 200 Gross Accumulation Index* | 4.2% | 11.5% | 12.7% | 11.3% | 10.8% |

* Incorporates the benefit of franking credits for those who can fully utilise them.

Note: AFIC net asset per share growth plus dividend series is calculated after management expenses, income tax and capital gains tax on realised sales of investments. It should also be noted that Index returns for the market do not include the impact of management expenses and tax on their performance.

Past performance is not indicative of future performance.



**AUSTRALIAN
FOUNDATION
INVESTMENT
COMPANY
LIMITED**

ABN 56 004 147 120

**HALF-YEAR REPORT
31 DECEMBER 2025**

COMPANY PARTICULARS

Australian Foundation Investment Company Limited ("AFIC")

ABN 56 004 147 120

AFIC is a Listed Investment Company. As such it is an investor in equities and similar securities on the stock market primarily in Australia.

Directors: Craig M. Drummond, Chairman
Rebecca P. Dee-Bradbury
Julie A. Fahey
Katie M. Hudson
Graeme R. Liebelt
Richard L. Murray
David A. Peever
R. Mark Freeman, Managing Director

Company Secretaries: Matthew J. Rowe
Andrew J.B. Porter

Auditor: PricewaterhouseCoopers, Chartered Accountants

Country of incorporation: Australia

Registered office: Level 21
101 Collins Street
Melbourne, Victoria 3000

Contact Details: Mail Address: Level 21, 101 Collins St., Melbourne, Victoria 3000
Telephone : (03) 9650 9911
Facsimile: (03) 9650 9100
Email: invest@afi.com.au
Internet address: afi.com.au
For enquiries regarding net asset backing (as advised each month to the Australian Securities Exchange):
Telephone: 1800 780 784 (toll free)

Share Registrar: MUFG Corporate Markets (AU) Limited
Mail Address: Locked Bag A14, Sydney South, NSW, 1235

AFIC Shareholder enquiry lines: 1300 857 499 (Aus)
+64 9375 5998 (NZ)

E-mail: afi@cm.mpms.mufg.com
Facsimile: (02) 9287 0303
Internet: au.investorcentre.mpms.mufg.com

For all enquiries relating to shareholdings, dividends and related matters, please contact the share registrar.

Securities Exchange

Codes: AFI Ordinary shares (ASX and NZX)

DIRECTORS' REPORT

The Directors present their report in relation to the half-year to 31 December 2025 on the consolidated entity ("the Group") consisting of Australian Foundation Investment Company Limited ("the Company" and "AFIC") and its subsidiary, Australian Investment Company Services Limited ("AICS").

Directors

The following persons were Directors of the Company during the half-year and up to the date of this report:

C.M. Drummond (appointed July 2021, appointed Chairman October 2023)
R.P. Dee-Bradbury (appointed May 2019)
J.A. Fahey (appointed April 2021)
K.M. Hudson (appointed January 2024)
G.R. Liebelt (appointed June 2012)
R.L. Murray (appointed January 2024)
D.A. Peever (appointed November 2013)
R.M. Freeman (appointed January 2018)

Review of the Group's operations and results

Overview

AFIC's investment focus is on a diversified portfolio of primarily Australian equities. There has been no change in the nature of the Company's activities during the period. Its primary objectives are to pay a stable to growing dividend over time and to provide attractive total returns over the medium to long term.

Profit Performance and Dividend

Profit for the half-year was \$147.0 million, down 4.6% from the previous corresponding period.

The net profit per share for the six months to 31 December 2025 was 11.7 cents per share with an interim dividend declared of 12.0 cents per share fully franked plus a special dividend of 2.5 cents. There was no special dividend declared for the half-year ended 31 December 2024, and the interim dividend was 12.0 cents fully franked.

The portfolio return for the 6 months (measured by change in net asset backing per share plus dividends reinvested) was -3.0% compared to the return of the S&P/ASX 200 Accumulation Index for the same period which was 3.7%. AFIC's portfolio return is calculated after management fees, income tax and capital gains tax on realised sales of investments and does not reflect the value of franking credits or LIC credits attached to the dividends. Index returns for the market do not include the impact of management expenses and tax on their performance.

During the half-year 8.1 million shares were issued under the DRP and the DSSP resulting in an additional \$50.6 million of capital (after costs). In addition, 9.2 million shares were bought back under the Company's on-market buy-back programme, leading to an overall reduction in capital for the half-year (including costs) of \$17.0 million.

Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 14.

Rounding of amounts to nearest thousand dollars

The Group is of a kind referred to in the ASIC Corporations' (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the "rounding off" of amounts in the directors' report and financial report. Unless specifically stated otherwise, amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Instrument.

This report is made in accordance with a resolution of the Directors.



C.M. Drummond
Chairman

Melbourne
21 January 2026

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Auditor's Independence Declaration

As lead auditor of Australian Foundation Investment Company Limited's financial report for the half-year ended 31 December 2025 I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review of the financial report; and
- b) no contraventions of any applicable code of professional conduct in relation to the review of the financial report.

This declaration is in respect of Australian Foundation Investment Company Limited and the entity it controlled during the period.

A handwritten signature in black ink that reads 'Kate L Logan'.

Kate L Logan
Partner
PricewaterhouseCoopers

Melbourne
21 January 2026

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006,
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CONSOLIDATED INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

| | Note | Half-year 2025 \$'000 | Half-year 2024 \$'000 |
|---|----------|-----------------------------|-----------------------------|
| Dividends and distributions | | 160,617 | 166,298 |
| Revenue from deposits and bank bills | | 5,264 | 4,126 |
| Other revenue | | 2,845 | 3,113 |
| Total revenue | | 168,726 | 173,537 |
| Net gains/(losses) on trading portfolio | | 3,036 | 1,892 |
| Income from operating activities | 3 | 171,762 | 175,429 |
| Finance & related costs | | (599) | (631) |
| Administration expenses | | (8,797) | (10,900) |
| Profit before income tax expense | | 162,366 | 163,898 |
| Income tax expense | | (15,347) | (9,734) |
| Profit for the half-year | | 147,019 | 154,164 |
| Profit is attributable to : | | | |
| Equity holders (members) of Australian Foundation | | 146,891 | 154,162 |
| Investment Company Ltd | | | |
| Minority Interest | | 128 | 2 |
| | | 147,019 | 154,164 |
| | | Cents | Cents |
| Basic earnings per share | 8 | 11.70 | 12.29 |

This Income Statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

| | Half-Year to 31 December 2025 | | | Half-Year to 31 December 2024 | | |
|--|-------------------------------|------------------|------------------|-------------------------------|----------------|----------------|
| | Revenue | Capital | Total | Revenue | Capital | Total |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Profit for the half-year | 147,019 | - | 147,019 | 154,164 | - | 154,164 |
| Other Comprehensive Income | | | | | | |
| <i>Items that will not be recycled through the Income Statement</i> | | | | | | |
| (Losses)/gains for the period on equity securities in the investment portfolio | - | (411,358) | (411,358) | - | 531,401 | 531,401 |
| Tax on above | - | 120,753 | 120,753 | - | (162,605) | (162,605) |
| Total other comprehensive income ¹ | - | (290,605) | (290,605) | - | 368,796 | 368,796 |
| Total comprehensive income ² | 147,019 | (290,605) | (143,586) | 154,164 | 368,796 | 522,960 |

¹ Net capital income not accounted for through the Income Statement

² This is the company's Net Return for the half-year, which includes the Net Profit plus the net realised and unrealised gains or losses on the Company's investment portfolio.

| | Half-Year to 31 December 2025 | | | Half-Year to 31 December 2024 | | |
|--|-------------------------------|------------------|------------------|-------------------------------|----------------|----------------|
| | Revenue | Capital | Total | Revenue | Capital | Total |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Total Comprehensive Income is attributable to: | | | | | | |
| Equity holders of Australian Foundation Investment Company Ltd | 146,891 | (290,605) | (143,714) | 154,162 | 368,796 | 522,958 |
| Minority Interest | 128 | - | 128 | 2 | - | 2 |
| | 147,019 | (290,605) | (143,586) | 154,164 | 368,796 | 522,960 |

This Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2025

| | | 31 Dec 2025 \$'000 | 30 June 2025 \$'000 |
|---|------|--------------------------|---------------------------|
| | Note | | |
| Current assets | | | |
| Cash | | 131,565 | 280,769 |
| Receivables | | 13,352 | 39,534 |
| Trading portfolio | 4 | (2) | 5,773 |
| Total current assets | | 144,915 | 326,076 |
| Non-current assets | | | |
| Investment portfolio | | 9,788,134 | 10,254,757 |
| Fixtures and fittings | | 245 | 155 |
| Deferred tax assets - other | | 2,171 | - |
| Total non-current assets | | 9,790,550 | 10,254,912 |
| Total assets | | 9,935,465 | 10,580,988 |
| Current liabilities | | | |
| Payables | | 630 | 1,335 |
| Borrowings – bank debt | | - | 10,000 |
| Tax payable | | 34,748 | 113,483 |
| Provisions | | 4,304 | 7,084 |
| Total current liabilities | | 39,682 | 131,902 |
| Non-current liabilities | | | |
| Provisions | | 103 | 169 |
| Deferred tax liabilities - other | | - | 233 |
| Deferred tax liabilities - investment portfolio | 5 | 1,551,077 | 1,707,918 |
| Total non-current liabilities | | 1,551,180 | 1,708,320 |
| Total liabilities | | 1,590,862 | 1,840,222 |
| Net Assets | | 8,344,603 | 8,740,766 |
| Shareholders' equity | | | |
| Share Capital | 6 | 3,193,201 | 3,210,196 |
| Revaluation Reserve | | 3,272,745 | 3,651,333 |
| Realised Capital Gains Reserve | | 651,730 | 799,329 |
| General Reserve | | 23,637 | 23,637 |
| Retained Profits | | 1,201,330 | 1,054,439 |
| Parent Entity Interest | | 8,342,643 | 8,738,934 |
| Minority Interest | | 1,960 | 1,832 |
| Total equity | | 8,344,603 | 8,740,766 |

This Balance Sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

Attributable to members of Australian Foundation Investment Company
Ltd

| Half-Year to 31 December 2025 | Note | Share Capital \$'000 | Revaluation Reserve \$'000 | Realised Capital Gains \$'000 | General Reserve \$'000 | Retained Profits \$'000 | Total Parent Entity \$'000 | Minority Interest \$'000 | Total \$'000 |
|--|------|----------------------------|----------------------------------|--|------------------------------|-------------------------------|-------------------------------------|--------------------------------|------------------|
| Total equity at the beginning of the half-year | | 3,210,196 | 3,651,333 | 799,329 | 23,637 | 1,054,439 | 8,738,934 | 1,832 | 8,740,766 |
| Dividends paid | 7 | - | - | (235,582) | - | - | (235,582) | - | (235,582) |
| Shares issued - Dividend Reinvestment Plan | 6 | 50,935 | - | - | - | - | 50,935 | - | 50,935 |
| Shares bought-back | 6 | (67,632) | - | - | - | - | (67,632) | - | (67,632) |
| Other Share Capital Adjustments | 6 | (298) | - | - | - | - | (298) | - | (298) |
| Total transactions with shareholders | | (16,995) | - | (235,582) | - | - | (252,577) | - | (252,577) |
| Profit for the half-year | | - | - | - | - | 146,891 | 146,891 | 128 | 147,019 |
| Net losses for the period on equity securities in the investment portfolio | | - | (290,605) | - | - | - | (290,605) | - | (290,605) |
| Other Comprehensive Income for the half-year | | - | (290,605) | - | - | - | (290,605) | - | (290,605) |
| Transfer to Realised Capital Gains Reserve of net cumulative gains (after tax) on investments sold | | - | (87,983) | 87,983 | - | - | - | - | - |
| Total equity at the end of the half-year | | 3,193,201 | 3,272,745 | 651,730 | 23,637 | 1,201,330 | 8,342,643 | 1,960 | 8,344,603 |

This Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

Attributable to members of Australian Foundation Investment Company
Ltd

| Half-Year to 31 December 2024 | Note | Share Capital \$'000 | Revaluation Reserve \$'000 | Realised Capital Gains \$'000 | General Reserve \$'000 | Retained Profits \$'000 | Total Parent Entity \$'000 | Minority Interest \$'000 | Total \$'000 |
|--|------|----------------------------|----------------------------------|--|------------------------------|-------------------------------|-------------------------------------|--------------------------------|------------------|
| Total equity at the beginning of the half-year | | 3,204,950 | 3,449,280 | 546,953 | 23,637 | 1,034,794 | 8,259,614 | 1,773 | 8,261,387 |
| Dividends paid | 7 | - | - | (54,248) | - | (120,550) | (174,798) | - | (174,798) |
| Shares issued - Dividend Reinvestment Plan | | 39,650 | - | - | - | - | 39,650 | - | 39,650 |
| Shares bought-back | | (36,156) | - | - | - | - | (36,156) | - | (36,156) |
| Other Share Capital Adjustments | | (154) | - | - | - | - | (154) | - | (154) |
| Total transactions with shareholders | | 3,340 | - | (54,248) | - | (120,550) | (171,458) | - | (171,458) |
| Profit for the half-year | | - | - | - | - | 154,162 | 154,162 | 2 | 154,164 |
| <i>Other Comprehensive Income for the half-year</i> | | | | | | | | | |
| Net gains for the period on equity securities in the investment portfolio | | - | 368,796 | - | - | - | 368,796 | - | 368,796 |
| Other Comprehensive Income for the half-year | | - | 368,796 | - | - | - | 368,796 | - | 368,796 |
| Transfer to Realised Capital Gains Reserve of net cumulative gains (after tax) on investments sold | | - | (138,978) | 138,978 | - | - | - | - | - |
| Total equity at the end of the half-year | | 3,208,290 | 3,679,098 | 631,683 | 23,637 | 1,068,406 | 8,611,114 | 1,775 | 8,612,889 |

This Statement of Changes in Equity should be read in conjunction with the accompanying notes

CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

| | Half-year 2025 \$'000 INFLOWS/ (OUTFLOWS) | Half-year 2024 \$'000 INFLOWS/ (OUTFLOWS) |
|--|---|---|
| Cash flows from operating activities | | |
| Sales from trading portfolio | 14,169 | 11,225 |
| Purchases for trading portfolio | (5,358) | (9,586) |
| Interest received | 5,336 | 4,215 |
| Dividends and distributions received | 184,844 | 194,598 |
| | <u>198,991</u> | <u>200,452</u> |
| Other receipts | 2,841 | 3,108 |
| Administration expenses | (11,752) | (12,360) |
| Finance costs paid | (599) | (631) |
| Taxes paid | (12,904) | (14,227) |
| Net cash inflow/(outflow) from operating activities | <u>176,577</u> | <u>176,342</u> |
| Cash flows from investing activities | | |
| Sales from investment portfolio | 389,007 | 479,038 |
| Purchases for investment portfolio | (333,749) | (325,306) |
| Taxes paid on capital gains | (118,351) | (31,287) |
| Payment for fixed assets | (112) | - |
| Net cash inflow/(outflow) from investing activities | <u>(63,205)</u> | <u>122,445</u> |
| Cash flows from financing activities | | |
| Repayment of borrowings | (10,000) | - |
| Share issue costs | (298) | (154) |
| Shares bought-back | (67,632) | (36,156) |
| Dividends paid | (184,646) | (134,862) |
| Net cash inflow/(outflow) from financing activities | <u>(262,576)</u> | <u>(171,172)</u> |
| Net increase/(decrease) in cash held | (149,204) | 127,615 |
| Cash at the beginning of the half-year | 280,769 | 166,499 |
| Cash at the end of the half-year | <u>131,565</u> | <u>294,114</u> |

This Cash Flow Statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

1. Basis of preparation of half-year financial report

This general purpose half-year financial report has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half-year financial report does not include all the notes of the type normally included in an annual financial report. This report should be read in conjunction with the 2025 Annual Report and public announcements made by the Group during the half-year, in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

In the interests of transparency in its reporting, the Group uses the phrase “market value” in place of the AASB terminology “fair value for actively traded securities.” The Company’s investments in listed securities are valued at the closing price on the ASX on the last trading day before the period end.

2. Financial reporting by segments

The Group consists of a Listed Investment Company and a subsidiary which provides administration services to it and to other Listed Investment Companies in Australia. It has no reportable business or geographic segments.

(a) Segment information provided to the Board

The internal reporting provided to the Board for the Group’s assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of Australian Accounting Standards, except that net assets are reviewed both before and after the effects of capital gains tax on investments (as reported in the Group’s Net Tangible Asset announcements to the ASX).

The relevant amounts as at 31 December 2025 and 31 December 2024 were as follows:

| | 2025 | 2024 |
|---|------|------|
| | \$ | \$ |
| Net tangible asset backing per share | | |
| Before Tax | 7.90 | 8.24 |
| After Tax | 6.66 | 6.87 |

(b) Other segment information

Segment Revenue

Revenues from external parties are derived from the receipt of dividend, distribution and interest income, and income arising on the trading portfolio.

The Company is domiciled in Australia and the Group’s dividend and distribution income is predominantly from entities which maintain a listing in Australia. The Group has a diversified portfolio of investments, with only 1 investment comprising more than 10% of the Group’s income (including trading portfolio) for the half-year ended 31 December 2025 – BHP 10.8% (2024 : 2 – BHP 13.3% and Commonwealth Bank 10.2%).

3. Income from operating activities**Half-year
2025
\$'000****Half-year
2024
\$'000**

Income from operating activities is comprised of the following:

Dividends & distributions

- securities held in investment portfolio
- securities held in trading portfolio

160,545

166,298

72

-

160,617

166,298

Interest income

- deposits and income from bank bills

5,264

4,126

5,264

4,126

Net gains/(losses) and write downs

- net gains from trading portfolio sales
- unrealised gains/(losses) in trading portfolio

3,866

1,004

(830)

888

3,036

1,892

Administration fees received from other Listed Investment Companies

2,803

3,017

Expenses recovered from other Listed Investment Companies

35

85

Other expenses recovered

6

6

Sundry income

1

5

171,762**175,429****4. Trading portfolio**

As part of the activities of the trading portfolio, the Company enters into option contracts for the purpose of enhancing returns, offsetting risk or providing opportunities to acquire or sell securities at advantageous prices.

As at balance date there were call options outstanding which, if they were all exercised, would require the Company to deliver securities to the value of \$148.1 million (30 June 2025: \$42.9 million).

5. Deferred tax liabilities – investment portfolio

In accordance with AASB 112 *Income Taxes*, deferred tax liabilities have been recognised for Capital Gains Tax on the unrealised gain in the investment portfolio at current tax rates (30%) totalling \$1,551.1 million (30 June 2025 : \$1,707.9 million). As the Directors do not intend to dispose of the portfolio, this tax liability may not be crystallised at this amount.

6. Shareholders' equity – share capital

Movements in Share Capital of the Company during the half-year were as follows:

| Date | Details | Notes | Number of shares '000 | Issue price \$ | Paid-up Capital \$'000 |
|------------|----------------------------------|-------|-----------------------------|----------------------|------------------------------|
| 01/07/2025 | Opening Balance | | 1,254,059 | | 3,210,196 |
| 28/08/2025 | Dividend Reinvestment Plan | i | 6,930 | 7.35 | 50,935 |
| 28/08/2025 | Dividend Substitution Share Plan | ii | 1,219 | 7.35 | n/a |
| Various | On-market buybacks | iii | (9,224) | | (67,632) |
| Various | Other Share Capital adjustments | | - | | (298) |
| 31/12/2025 | Balance | | <u>1,252,984</u> | | <u>3,193,201</u> |

- i The Company has a Dividend Reinvestment Plan under which some shareholders elected to have all or part of their dividend payment reinvested in new ordinary shares. Pricing of the new DRP shares was based on the average selling price of shares traded on the Australian Securities Exchange & Cboe automated trading systems in the five days from the day the shares begin trading on an ex-dividend basis.
- ii The Company has a Dividend Substitution Share Plan under which some shareholders elected to forego all or part of their dividend payment and receive shares instead. Pricing of the new DSSP shares was done on the same basis as the DRP.
- iii The Company introduced an on-market Buy-Back Programme in December 2000. This plan remains active. During the half-year, 9.2 million shares were bought back at an average price of \$7.33.

| 7. Dividends | Half-year 2025 \$'000 | Half-year 2024 \$'000 |
|---|---|--------------------------------------|
| Dividends (fully franked) paid during the period (excluding DSSP shares) | 235,582 (14.5 cents per share plus 5 cents special) | 174,798 (14.5 cents per share) |

Dividends not recognised at period end

Since the end of the half-year the Directors have declared an interim dividend of 12.0 cents per share, fully franked plus a special dividend of 2.5 cents, also fully franked. The aggregate amount of the proposed interim dividend expected to be paid on 26 February 2026, but not recognised as a liability at the end of the half-year is

181,683

| 8. Earnings per Share | Half-year 2025 | Half-year 2024 |
|---|---------------------------|---------------------------|
| | Number | Number |
| Weighted average number of ordinary shares used as the denominator | 1,255,784,290 | 1,254,483,603 |
| | \$'000 | \$'000 |
| Profit after tax for the half-year attributable to members of the Company | 146,891 | 154,162 |
| | Cents | Cents |
| Basic earnings per share | 11.70 | 12.29 |

There are no dilutive instruments on issue and consequently diluted earnings per share are the same as basic earnings per share.

9. Events subsequent to balance date

Since 31 December 2025 to the date of this report there has been no event specific to the Group of which the Directors are aware which has had a material effect on the Group or its financial position.

10. Contingencies

At balance date Directors are not aware of any material contingent liabilities or contingent assets other than those already disclosed elsewhere in the financial report.

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 15 to 24 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2025 and of its performance, as represented by the results of the operations, changes in equity and cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



C.M. Drummond
Chairman

Melbourne
21 January 2026

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Independent auditor's review report to the members of Australian Foundation Investment Company Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Australian Foundation Investment Company Limited (the Company) and the entity it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 31 December 2025, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement, consolidated income statement for the half-year ended on that date, selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Australian Foundation Investment Company Limited does not comply with the *Corporations Act 2001* including:

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

Basis for conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity (ASRE 2410). Our responsibilities are further described in the Auditor's responsibilities for the review of the half-year financial report section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the

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Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report, in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

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

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

PricewaterhouseCoopers

PricewaterhouseCoopers

Kate L Logan

Kate L Logan
Partner

Melbourne
21 January 2026