Hearts & Minds Investments

Appendix 4E

Hearts and Minds Investments Limited ('HM1')

ABN 61 628 753 220

Financial Report

Results for Announcement to the Market for the Year Ended 30 June 2026

	Change	30 Jun 2026 $'000	30 Jun 2025 $'000
Total net investment income	(52)%	**79,321**	165,483
Profit from ordinary activities after tax	(57)%	**46,374**	106,818
Other comprehensive (loss)/income net of tax	(194)%	**(16,820)**	17,965
Total comprehensive income net of tax	(76)%	**29,554**	124,783

Net Tangible Assets ('NTA') Per Ordinary Share

	30 Jun 2026	30 Jun 2025
Pre-tax NTA per ordinary share	$3.67	$3.71
Net tax liability per ordinary share	($0.29)	($0.27)
Post-tax NTA per ordinary share	$3.38	$3.44

Dividends

During the year, HM1 paid fully franked dividends amounting to 18.5 cents per share. Subsequent to balance date, HM1 has declared an increased final fully franked dividend of 10.0 cents per share payable in October 2026. The Board aims to maintain a policy of paying fully franked dividends to shareholders subject to sufficient cash reserves, available franking credits and prudent business practice.

The Dividend Reinvestment Plan ('DRP') will be in operation and participating shareholders can reinvest their cash dividend in new HM1 shares at the DRP issue price. The DRP issue price will be based on the market price of shares issued or acquired under the on market acquisition provisions of the DRP.

	Cents per Ordinary share	Franking %
Dividend per ordinary share	10.0	100%
Dividend dates:		
Ex-dividend date:		9 September 2026
Record date:		10 September 2026
DRP election date:		14 September 2026
Payment date:		15 October 2026

Brief Explanation of Results:

For the year ended 30 June 2026, Hearts and Minds Investments Limited ('HM1' or the 'Company') recorded a total comprehensive income after tax of $29.6 million (2025: total comprehensive income after tax of $124.8 million). As a listed investment company, HM1's returns are driven by the change in value of its investment portfolio. The investment portfolio generated returns after expenses and before all taxes of 5.2% (2025: 25.5%). The result was driven by the Conference Portfolio performing well, although with some large moves in both directions, and a mixed performance in the Core Portfolio. The composition of the investment returns comprised $73.7 million in realised investment returns (which includes dividends and other income of $9.9 million), and $18.4 million in unrealised losses.

The net asset value of the Company decreased from $786.7 million on 30 June 2025 to $773.9 million as of 30 June 2026. The decrease comprised total comprehensive income after tax of $29.6 million less fully franked dividends paid to shareholders of $42.4 million. Since the inception of the Company in November 2018, HM1 has generated a compound annual pre-tax investment return of 10.7%. Further information on the financial position of the Company and the movement in net asset values is contained in the Investment Committee Report which is part of the Annual Report.

In line with its philanthropic objective, HM1 provides financial contributions equivalent to 1.5% of NTA per annum to leading Australian medical research organisations to fund the development of new medicines and treatments and to drive a new generation of medical research in Australia. This is effectively funded by HM1's participating fund managers, its Board of Directors and Committees all working on a pro bono basis.

During the year ended 30 June 2026, the Company paid $11.4 million in funding to medical research and increased its accrual for future donations by $0.1 million from $8.2 million to $8.3 million. Further provisioning for the year beginning 1 July 2026 is made on the basis of 1.5% of NTA. These monies will be used by the medical research organisations to fund important research into the prevention and treatment of chronic diseases and mental health disorders. Further details on the results are included in the Annual Report.

Appendix 4E

This report is based on the Annual Report for the year ended 30 June 2026 which has been audited by Pitcher Partners Sydney. The audit report is included in the Annual Report which accompanies this Appendix 4E. All the documents comprise the information required by Listing Rule 4.3A.

Annual General Meeting

HM1 advises that its Annual General Meeting will be held on Thursday, 19 November 2026. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to ASX immediately after dispatch. In accordance with the ASX Listing Rules, valid nominations for the position of director are required to be lodged at the registered office of the Company by 5:00 pm (AEDT) on Wednesday, 23 September 2026.

Hearts and Minds Investments Limited

Annual Report

For the year ended 30 June 2026

ACN 628 753 220

Contents

Corporate Directory

Directors	Christopher Cuffe AO	Chair and Independent Director
	Lorraine Berends AM	Independent Director
	Guy Fowler OAM	Independent Director
	Matthew Grounds AM	Independent Director
	Michael Traill AM	Independent Director
	Gary Weiss AM	Independent Director
	Geoffrey Wilson AO	Independent Director
	David Wright	Independent Director
	Richard Howes	Managing Director
Company Secretary	Natalie Climo	
Investment Committee	Lorraine Berends AM	Chair
	David Wright	
	Christopher Cuffe AO	
	Matthew Grounds AM	
	Brett Paton	
	Richard Howes	
Core Fund Managers	Caledonia (Private) Investments	
	Magellan Investment Partners	
	Munro Partners	
	Prusik Investment Management LLP	
	TDM Growth Partners	
2025 Conference Fund Managers	Advent Global Opportunities	Marathon Resource Advisors
	Ampfield Management	Munro Partners
	Antipodes Partners	Square Peg
	J O Hambro Capital Management	Stillpoint Investments
	Life Cycle Investment Partners	Tekne Capital Management
Registered Office	Boardroom Pty Limited Level 8, 210 George Street Sydney NSW 2000	
Auditor	Pitcher Partners Sydney Level 16, Tower 2 Darling Park 201 Sussex Street Sydney NSW 2000 Telephone: (02) 9221 2099	
Administrator	Citco Fund Services (Australia) Pty Limited Level 22, 45 Clarence Street Sydney NSW 2000 Telephone: (02) 9005 0400	
Share Registrar	Boardroom Pty Limited Level 8, 210 George Street Sydney NSW 2000 Telephone: +61 2 9290 9600	
Stock Exchange	Australian Securities Exchange The home exchange is Sydney ASX code: HM1 Ordinary Shares	

Chair and Managing Director's Letter

Dear Shareholders,

On behalf of the Board and management, we thank you for your continued support of Hearts and Minds Investments Limited (hereafter referred to as 'HM1', 'Hearts & Minds' or the 'Company').

We are pleased to share our Annual Report for the year ended 30 June 2026, and to update you on the progress of our investment portfolio and philanthropic contributions.

HM1 was founded in 2018 with the combined objective of providing a concentrated portfolio of the highest conviction global equities, recommended by selected fund managers, whilst also supporting Australia's leading medical research institutes. The Company was born out of the investment and philanthropic vision of the Sohn Hearts & Minds Conference.

As we celebrated the tenth annual Sohn Hearts & Minds Conference, we were reminded of our commitment to engaging bright investment minds to help unlock bold ideas in medical research, delivering value for our community of shareholders and partners who share in our dual mission.

Investment Portfolio and Performance

FY26 Performance Overview

The financial year ended 30 June 2026 was marked by strong equity market performance despite periods of significant volatility largely driven by geopolitical events. Returns broadened beyond the US, with particularly strong performance from parts of Asia and Europe, with the AI infrastructure related businesses leading the way. There was significant underperformance in the stocks seen as AI losers and the software sector was hit particularly hard.

Against this backdrop, the HM1 investment portfolio delivered 5.2% (pre-tax) for the year ended 30 June 2026. Since inception, HM1 has achieved a compound annual pre-tax return of 10.7%.

Portfolio Construction & Key Contributors

HM1's portfolio typically comprises between 20 to 25 global stocks, reflecting the high conviction recommendations of our selected Core Managers and Conference Managers.

The Conference Portfolio performed well, although with some large moves in both directions, and the Core Portfolio had a mixed performance.

Concentration risk is managed through disciplined portfolio construction and manager selection, while preserving the high conviction approach.

Shareholder Returns and Dividends

Post-tax net tangible assets ('NTA') reduced from $3.44 per share on 30 June 2025 to $3.38 on 30 June 2026, reflecting the mixed performance over the year. The share price reduced from $3.04 to $2.95, and the discount to post-tax NTA moved from 11.8% to 12.7% over the year.

This result, combined with dividends of 18.5 cents per share, delivered a total shareholder return of 3.1% for FY26. The Board is committed to narrowing the share price discount to HM1's NTA per share.

HM1 has declared an increased final fully franked dividend of 10.0 cents per share payable in October 2026. The Board intends to continue to pay fully franked dividends to shareholders subject to sufficient profit reserves and franking balance.

Philanthropic Purpose

In line with its philanthropic objective, HM1 provides financial contributions equivalent to 1.5% of NTA per annum to leading Australian medical research organisations to fund the development of new medicines and treatments and to drive a new generation of medical research in Australia. This is effectively funded by HM1's participating fund managers, its Board of Directors, and Committees all working on a pro bono basis.

In FY26, we were able to donate $11.4 million to our designated Australian medical research partners and increase our accrual for future donations by $0.1 million from $8.2 million to $8.3 million. Since the first Sohn Hearts & Minds Conference, HM1 and the conference have collectively donated $96.1 million to pioneering research across cardiovascular disease, neurodegenerative conditions, diabetes, genomics, immunotherapies and paediatric medicine. Further details on the extraordinary work of our selected medical research organisations can be found in the Medical Research Report.

Sohn Hearts & Minds turns ten

This past year marked a special milestone with the 10th anniversary of the Sohn Hearts & Minds Conference, celebrated before our largest audience yet at the Joan Sutherland Theatre, Sydney Opera House. What began as an event to spotlight great investors has become a national philanthropic platform bringing together global thinkers, philanthropists and entertainers. As we approach $100 million in cumulative donations to medical research since inception, we are reminded of just how much impact can be achieved when great investors put their best ideas to work for a greater cause.

The conference remains central to HM1's identity and investment strategy. Approximately 35% of our portfolio is allocated to the highest conviction ideas presented on stage each year, making it a dynamic component of our model.

Looking ahead, we're excited to be taking the conference internationally for the first time in its history, hosting this year's event in Queenstown, New Zealand on Friday 6 November 2026. We look forward to hearing this year's stock picks from some of the world's most respected investors and the opportunities they will bring for shareholders.

Acknowledgments

We extend our gratitude to our Core and Conference Fund Managers for their invaluable insights and continued generosity. We also thank our Board and Investment Committee who continue to offer their services pro bono, alongside our service providers who work with us on a pro bono or highly discounted basis to help us maximise our philanthropic impact.

And to our shareholders, thank you for your trust and ongoing support of HM1's unique model. We remain focused on delivering investment performance and enduring social impact.

Chris Cuffe AO
Chair

Richard Howes
Managing Director

Investment Committee Report

The Investment Committee of HM1, in conjunction with the Chief Investment Officer ('CIO') Charlie Lanchester, is responsible for implementing the Company's investment strategy, including the selection of fund managers, managing the investment portfolio and reviewing fund manager performance. The Company's Investment Committee consists of Lorraine Berends (Chair), David Wright, Christopher Cuffe, Matthew Grounds, Brett Paton and Richard Howes. The Investment Committee's experience and qualifications are provided in the Directors' Report.

HM1 Investment Strategy

HM1 invests in a concentrated portfolio of global securities based on the highest conviction ideas from two groups of fund managers.

- 65% of the investment portfolio is held in up to 20 securities based on the highest conviction ideas of our Core Fund Managers. The Core Fund Managers together with the CIO regularly monitor their recommendations.

- 35% of the investment portfolio is held in 10 to 15 securities based on the annual investment recommendations of our Conference Fund Managers. HM1 generally allocates an equal weight investment to each of these recommendations. These securities are expected to be held in the investment portfolio for a period of up to 12 months. After this period the securities are expected to be sold to invest in the recommendations of the selected Conference Fund Managers who present at the next conference.

The Board's view is that the investment strategy offers investors an opportunity to:

- gain exposure to the highest conviction ideas, investment approach and expertise of each fund manager, a number of whom are not readily accessible to Australian retail investors;
- benefit from having a portfolio that is not concentrated on the philosophy or investment style of just one fund manager; and
- access a concentrated portfolio of global securities which are expected to provide attractive shareholder returns over the medium term (being five years or more).

HM1 aims to be fully invested subject to an appropriate cash buffer to meet tax liabilities, dividend payments, donation payments and general expenses.

Company Performance

As a listed investment company, we use three key measures to evaluate the performance of HM1:

1. Investment portfolio performance, which measures the total return of the investment portfolio on a pre-tax basis and after the payment of all expenses, including the donation payments and provisions. Our investment portfolio performance is reported to shareholders on a monthly basis;

2. Net tangible asset ('NTA') growth, which is a post-tax measure and represents the change in the value of the Company's assets less liabilities. The post-tax NTA of the Company is essentially the realisable value of the Company at a point in time. The pre- and post-tax NTA per share of the Company is reported to shareholders on a weekly basis; and

3. Total shareholder return, which measures the total return to shareholders from share price growth and dividends paid.

Each of these is set out on the following pages.

1. Investment Portfolio Performance

Performance to 30 June 2026	**1 year % pa**	**2 years % pa**	**3 years % pa**	**Since inception[1] % pa**
HM1 Investment Portfolio Performance	5.2%	14.9%	13.8%	10.7%

HM1 Investment Performance is calculated after expenses and before all taxes.
1. Inception 14 November 2018

The HM1 investment portfolio generated pre-tax returns of 5.2% for the year ended 30 June 2026 building on the strong performance of the prior year. Since the inception of the Company in November 2018, HM1 has generated a compound annual pre-tax investment return of 10.7 %.

The Core Portfolio had mixed performance in FY26 with some large share price gains in several of our holdings, namely TSMC, Royalty Pharma, Cameco, Nvidia and CK Hutchison, offset by large falls in Zillow, SAP, Microsoft and Guzman y Gomez. Our one unlisted name, Rokt, was held at US$45, consistent with 30 June 2025. Rokt's continued strong revenue and gross profit growth, attractive profitability characteristics and positive medium-term outlook support the existing valuation. This conclusion is further supported by the updated DCF analysis, which indicates a value broadly in line with the current carrying value, and by the comparable company analysis, under which the implied EV / Gross Profit multiple remains reasonable relative to relevant listed peers.

On 1 September 2025, HM1 welcomed Prusik Investment Management, the first offshore-based Core Fund Manager, enhancing the portfolio's global diversification. Prusik has had a great start, performing strongly in its first year and playing an active role in communicating with the CIO of HM1.

The Conference Portfolio has performed well over the year. Similarly to the Core Portfolio there were some large moves in both directions. The top performer, up 283% since purchase, was ACM Research pitched by Beeneet Kothari of Tekne Capital Management. Also performing strongly were Brookdale Senior Living (Vihari Ross from Antipodes) and Steel Dynamics (Peter Rutter from Life Cycle Investment Partners). These wins were somewhat offset by weakness in Monday.com and Blackline.

Both the Conference Portfolio and the Core Portfolio had some exposure to the so called 'Saaspocalypse'. Over the past year, investors have dramatically reassessed the outlook for Software-as-a-Service (SaaS) businesses as generative AI has shifted from being viewed as a productivity tailwind to a potential disruptor of the traditional software model. The market has become increasingly concerned that AI agents capable of performing complex workflows will reduce demand for per-seat software subscriptions, lower switching costs and erode the competitive moats of many application-layer software companies. As a result, valuation multiples have compressed sharply, particularly for companies selling point solutions or horizontal software, while capital has rotated into AI infrastructure winners such as semiconductors, hyperscalers and data centres. The sell-off has been broad and, at times, indiscriminate, with many high-quality software companies declining alongside weaker peers despite continuing to report solid growth and profitability. More recently, sentiment has begun to stabilise as investors distinguish between companies that can successfully embed AI into their products and those whose offerings risk being displaced by it.

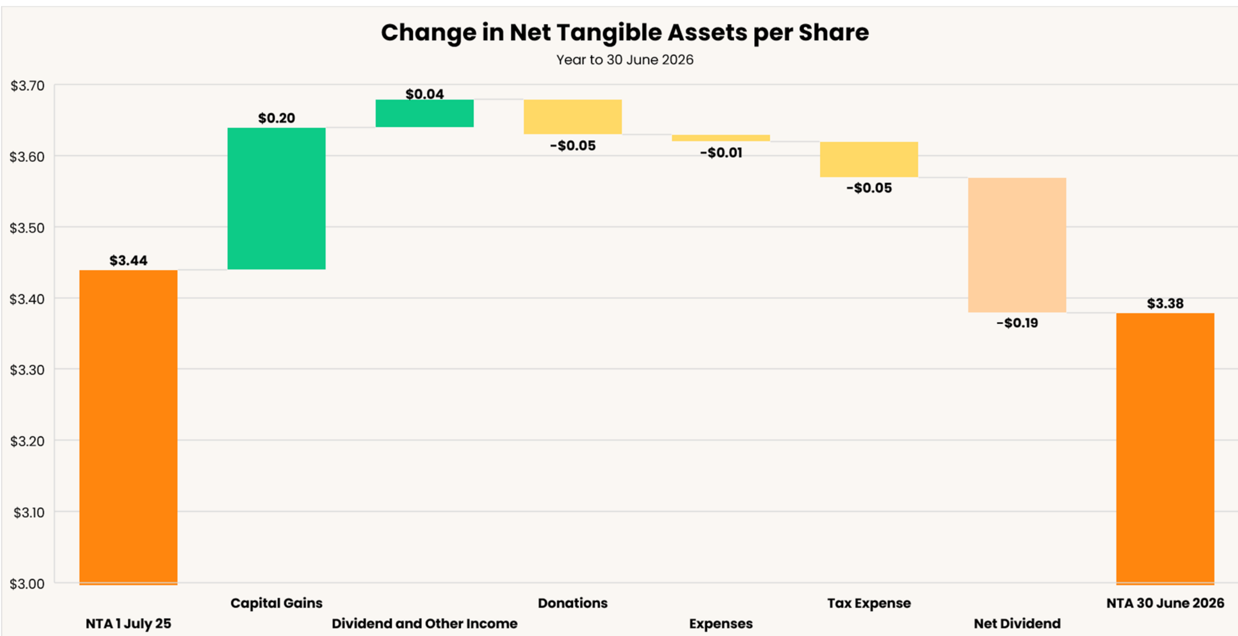
Corporate Travel Management (CTD) was a major detractor during the year. In November 2025, HM1 made the decision to fair value CTD at zero. HM1 has a holding of 1,251,663 shares in the company which has been suspended from trade since 22 August 2025.

HM1 is currently working closely with Plato Asset Management to significantly enhance its investment risk management process. This will help to guard against possible future mishaps. HM1 will incorporate Plato's red flag analysis to exclude stocks with significant current or historical issues. The proprietary system examines each stock across more than 150 categories encapsulating forensic accounting, governance, remuneration, management behaviour and several other factors. We will communicate more detail on this process in the coming months. We are grateful to Plato for generously sharing their propriety system with HM1 and being part of our mission to generate strong investment performance whilst funding medical research.

2. Post-tax NTA Performance

The following chart shows the components of the change in post-tax NTA per share over the year. The major increase in post-tax NTA came from both unrealised and realised gains from the investment portfolio equating to 20 cents per share. After the payment of donations, expenses and tax, the post-tax NTA per share increased 3.8% over the year prior to the payment of dividends. HM1 paid fully franked dividends amounting to 18.5 cents per share during the year. On 30 June 2026, HM1's post-tax NTA per share was $3.38 and the pre-tax NTA per share was $3.67.

HM1 NTA Performance



3. Total Shareholder Return

Total shareholder return measures the change in the HM1 share price plus dividends paid. HM1's share price reduced from $3.04 at 30 June 2025 to $2.95 on 30 June 2026. In addition, HM1 paid fully franked dividends totalling 18.5 cents per share during the year. The resulting total shareholder return for FY26 was 3.1%.

Since inception, HM1 has paid 87.0 cents in fully franked dividends to shareholders. Over the same period the HM1 share price has risen from 2.50 to 2.95. On the basis that dividends are reinvested at the time received, this represents a total shareholder return of 6.6%.

The HM1 share price of $2.95 on 30 June 2026 represented a 12.7% discount to the post-tax NTA per share of HM1 of $3.38.

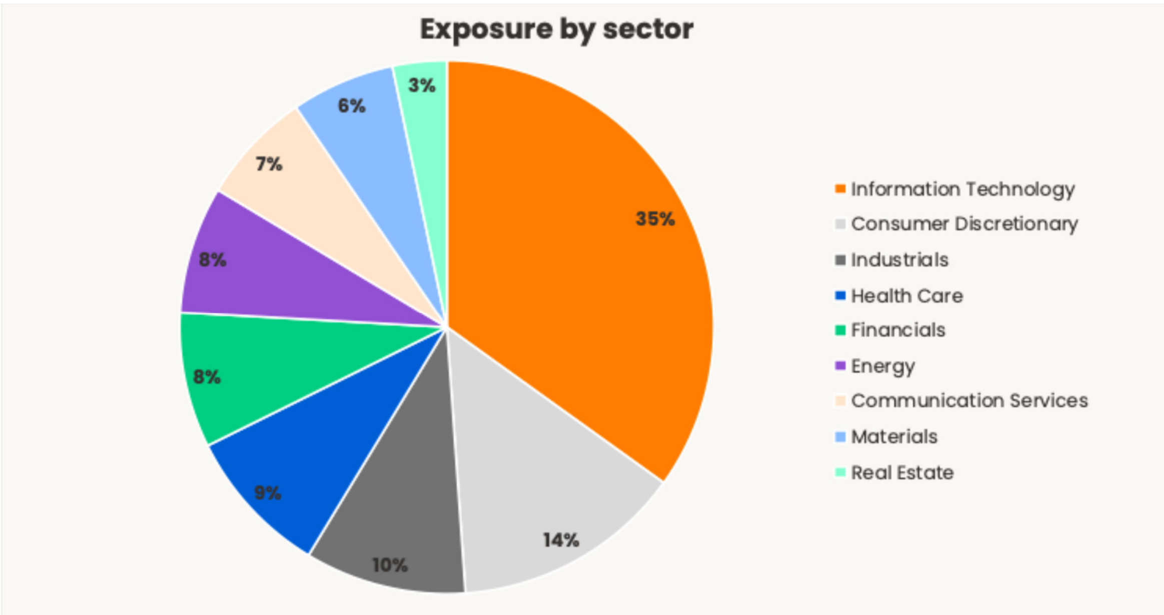
Investments at Fair Value on 30 June 2026

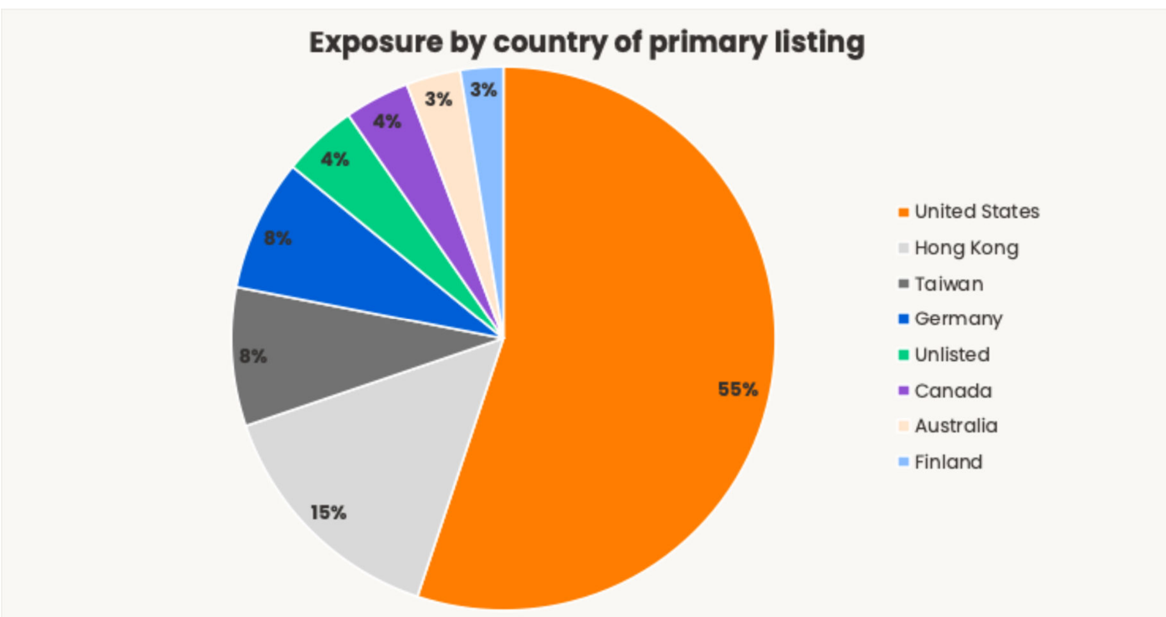
Company Name	Stock Exchange	Fair Value	% of Portfolio
TAIWAN SEMICONDUCTOR MNFTG ADR 5 ORD	NYSE	$67,248,315	7.9%
ACM RESEARCH CL A ORD	Nasdaq	$63,073,709	7.4%
NVIDIA ORD	Nasdaq	$41,923,344	4.9%
BLOCK CL A ORD	NYSE	$40,962,358	4.8%
BROOKDALE SENIOR LIVING ORD	NYSE	$40,849,837	4.8%
AMAZON COM ORD	Nasdaq	$36,402,771	4.3%
ROKT Pte Ltd	Unlisted	$36,247,092	4.3%
STEEL DYNAMICS ORD	Nasdaq	$35,477,523	4.2%
LIVE NATION ENTERTAINMENT ORD	NYSE	$32,676,953	3.9%
ROYALTY PHARMA CL A ORD	Nasdaq	$32,408,063	3.8%
CAMECO ORD	TSX	$31,472,038	3.7%
SLB ORD	NYSE	$31,438,942	3.7%
CKH HOLDINGS ORD	HKSE	$30,514,885	3.6%
ADIDAS N ORD	DAX	$30,200,093	3.6%
SWIRE PACIFIC A ORD	HKSE	$26,627,828	3.1%
GUZMAN Y GOMEZ ORD	ASX	$26,287,500	3.1%
AIA ORD	HKSE	$25,933,092	3.1%
MICROSOFT ORD	Nasdaq	$25,008,861	3.0%
CATL ORD H	HKSE	$23,539,344	2.8%
ZILLOW GROUP CL C ORD	Nasdaq	$22,772,921	2.7%
PUUILO ORD	XHEL	$20,748,659	2.4%
MONDAYCOM ORD	Nasdaq	$19,142,215	2.3%
SAP ORD	DAX	$17,913,295	2.1%
HEIDELBERG MATERIALS ORD	DAX	$15,700,622	1.9%
BLACKLINE ORD	Nasdaq	$13,587,819	1.6%
DIDI GLOBAL 4 ADR CL A ORD	PNK	$12,779,423	1.5%
MORIMATSU INTL	HKSE	$12,718,144	1.5%
CORPORATE TRAVEL MANAGEMENT ORD	ASX	$0	0.0%
CASH AND CASH EQUIVALENTS		$33,956,774	4.0%
	Total Portfolio	**$847,612,422**	**100.0%**

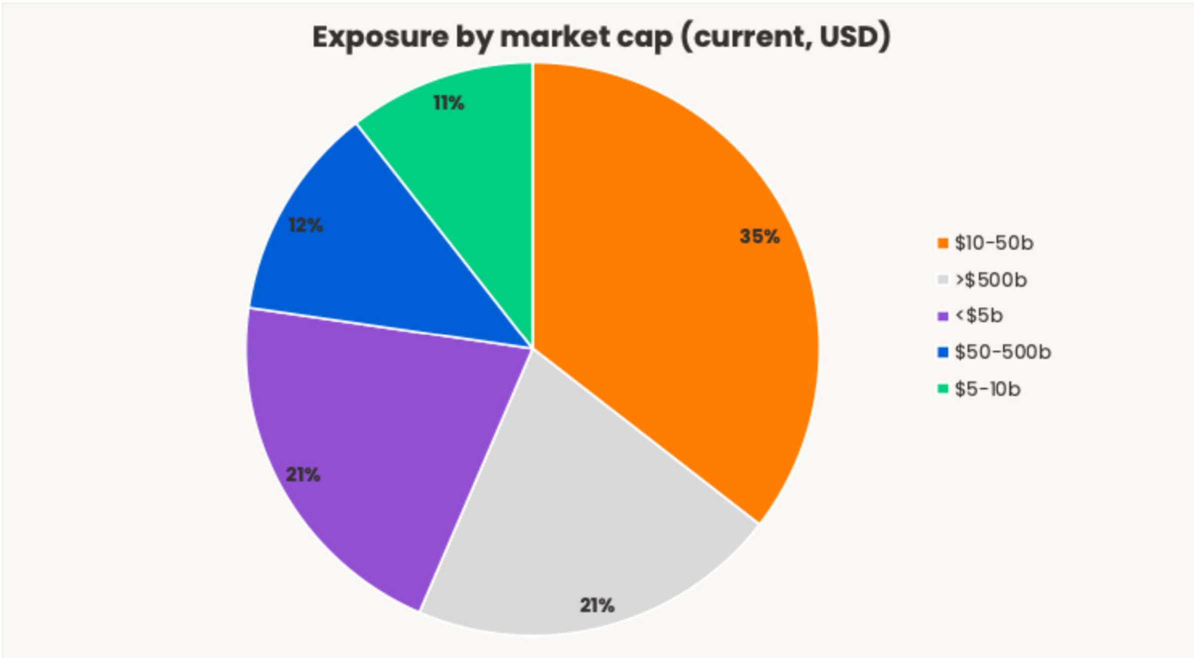
Portfolio Characteristics

The investment portfolio is concentrated in a relatively small number of securities and sector exposure is clearly weighted to certain industry sectors.

The following charts summarise the characteristics of HM1's investment portfolio at 30 June 2026.







Lorraine Berends
Chair

Charlie Lanchester
Chief Investment Officer

Our Fund Managers

We sincerely thank our participating fund managers that provide their time, expertise and highest conviction investment ideas on a pro bono basis. The notional value to HM1 of the investment management fees and performance fees foregone in the year ended 30 June 2026 is equivalent to $12.4 million.

Core Fund Managers

During the period, these five Core Fund Managers each provided their three highest conviction investment ideas which are reviewed quarterly. These securities represent 65% of the total investment portfolio. Each Core Fund Manager nominates where a portion of HM1's annual donation is directed. For details on the projects supported by HM1, refer to the Medical Research Report.

Caledonia is global investment management firm that has been compounding capital for over 30 years. Managed by Co-Chief Investment Officers, Will Vicars & Michael Messara, Caledonia's goal is to achieve high absolute returns over the long-term, through a concentrated long/short equity strategy with a focus on deep fundamental research & high conviction investing.

Magellan Investment Partners is a dedicated investment manager and partner with nearly 20 years of expertise, focused on understanding client needs and delivering specialist investment solutions. The firm combines exceptional global knowledge with the accessibility of dedicated teams. Its proven and highly qualified distribution team and institutional-grade platform enable investment managers to focus on delivering long-term financial outcomes. Headquartered in Australia, Magellan Investment Partners brings to market investment solutions managed by Magellan Global Equities, Magellan Global Listed Infrastructure, Airlie Funds Management (Australian equities) and Vinva Investment Management (global and Australian systematic equities).

Munro Partners is a global investment management partnership specialising in growth equities. Founded in 2016 by an award-winning team with a proven track record of delivering strong returns, it is majority owned and controlled by employees. Their proprietary investment process, combined with a global network and deep industry expertise, positions Munro Partners' portfolios to capitalise on the key structural changes occurring in the world today. Fully aligned with their investors' goals, the team invests in its products alongside clients. Munro Partners is Australian-domiciled, with offices in Melbourne and Toronto, Canada.

Prusik Investment Management LLP is a specialist Asian equity manager established in 2005. The firm focuses exclusively on Asia ex-Japan through a high-conviction, long-only strategy, aiming to deliver attractive risk-adjusted returns. Prusik's team brings deep regional expertise and alignment with investors, with employees investing alongside clients.

TDM Growth Partners Pty Limited is a global investment firm with offices in Sydney and New York. TDM invests in fast growing companies run by passionate management teams. Their unique and flexible mandate allows them to invest in public and private companies globally over long-term time horizons. TDM has a highly focused approach to investing, with a portfolio of no more than 15 investments globally.

Conference Fund Managers

The remaining 35% of the investment portfolio is invested in 10 to 15 recommendations from the fund managers who present at the annual Sohn Hearts & Minds Investment Leaders Conference. Each year this group of fund managers will change based on the conference program of speakers and their eligible recommendations. The speakers are invited onto the program following a thorough selection process by the Conference Fund Manager Selection Working Group. The 2025 Conference Fund Managers are set out below.

Mohammed Anjarwala
Advent Global Opportunities (USA)

Ben Hensman
Square Peg (AUS)

Beeneet Kothari
Tekne Capital Management (USA)

Qiao Ma
Munro Partners (AUS)

Samir Mehta
J O Hambro Capital Mgmt (SG)

Emerson Moore
Ampfield Management (USA)

Robert Mullin
Marathon Resource Advisors (USA)

Vihari Ross
Antipodes Partners (AUS)

Peter Rutter
Life Cycle Investment Partners (UK)

Eric Wong
Stillpoint Investments (USA)

Medical Research Organisations

HM1 supports a diverse group of Australia's leading medical research organisations to unlock bold ideas. This Medical Research Report highlights some of the important projects and discoveries led by HM1's partners using the funding donated by HM1. Beneficiaries are nominated by the Company's Core Fund Managers and Board of Directors.

BAKER HEART & DIABETES INSTITUTE

Baker Heart and Diabetes Institute

Dedicated to diagnosing, preventing and treating diabetes, cardiovascular disease and associated metabolic diseases.

Supporting a groundbreaking trial to improve health outcomes for patients with type 2 diabetes in remote Aboriginal and Torres Strait Islander communities. Diabetes is a significant issue in these areas, where socioeconomic disadvantages and limited healthcare access are prevalent. The trial aims to establish a sustainable model of care that can be adopted more broadly across remote communities.

Learn more: heartsandmindsgroup.com.au/beneficiaries/baker

Bionics Institute

Bionics Institute

Solving the world's most challenging conditions with innovative technology.

Supporting the institute's research into the viability of abdominal vagus nerve stimulation as a treatment and potential functional cure for Parkinson's disease.

Learn more: heartsandmindsgroup.com.au/beneficiaries/bionics

THE UNIVERSITY OF SYDNEY
Brain and Mind Centre

Brain and Mind Centre

Transforming brain and mind health with world-leading research.

Supporting innovative research to identify the molecular drivers of Progressive Supranuclear Palsy (PSP), a rare neurological condition. By uncovering the protein changes in the brain that drive PSP, this research aims to pave the way for new treatments and improve the lives of those affected by this disorder.

Learn more: heartsandmindsgroup.com.au/beneficiaries/brain-and-mind-centre

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Brain Cancer Australia

Brain Cancer Australia

More brain cancer breakthroughs – faster.

Supporting Brain Cancer Australia's vision to defeat brain cancer through its development of three nationally coordinated research infrastructure platforms to accelerate research, collaboration and the translation of discoveries into life-saving treatments and improved care for Australians facing the disease.

Learn more: heartsandmindsgroup.com.au/beneficiaries/brain-cancer-australia

Breakthrough T1D

The leading global type 1 diabetes research, advocacy and support organisation.

Supporting a clinical trial exploring whether tirzepatide, currently used in the treatment of type 2 diabetes, may also be safe and beneficial for people living with type 1 diabetes, with the aim of improving future treatment options.

Learn more: heartsandmindsgroup.com.au/beneficiaries/breakthrough-t1d

Centre for Population Genomics

Creating a world where genomic information enables comprehensive disease prediction, accurate diagnosis, and effective therapeutics for all.

Supporting rare disease diagnosis for families in under-represented ancestry groups. Many families from these minority population groups struggle to access genetic diagnoses, limiting their ability to receive appropriate medical care and support.

Learn more: heartsandmindsgroup.com.au/beneficiaries/population-genomics

Cerebral Palsy Alliance

Great minds working together to deliver a world of opportunity for people with cerebral palsy and similar disabilities, and their families.

Supporting cerebral palsy research to improve early detection methods and comprehensive support for both infants and parents.

Learn more: heartsandmindsgroup.com.au/beneficiaries/cerebral-palsy-alliance

Harry Perkins Institute of Medical Research

Innovative medical research, translating discoveries from the lab to the bedside.

Supporting research towards safe and effective treatments for rare genetic muscle diseases. The institute aims to identify lead therapeutics capable of addressing the underlying cause of these diseases, ultimately translating treatments into clinical trials.

Learn more: http://www.heartsandmindsgroup.com.au/beneficiaries/perkins

Murdoch Children's Research Institute

Transforming child health through research and discovery.

Advancing breakthrough research to tackle some of the most complex health challenges, from rare disease diagnosis and blood disorders to chronic menstrual and pelvic pain. By combining genomics, stem cell science and precision medicine, these projects aim to deliver earlier diagnoses, more personalised treatments and improved quality of life for children, young people and families facing significant health conditions.

Learn more: heartsandmindsgroup.com.au/beneficiaries/mcri

Muscular Dystrophy NSW

Supporting and connecting people with neuromuscular conditions.

Supporting cutting-edge research to improve the lives of individuals living with neuromuscular conditions. HM1 will support two full-time postgraduate scholarships, and one part-scholarship offering financial support to young research talent. This initiative aims to develop new treatments and improve patient outcomes.

Learn more: heartsandmindsgroup.com.au/beneficiaries/mdnsw

Neuroscience Research Australia (NeuRA)

Impact of NeuRA's Sydney Brain Bank.

The Sydney Brain Bank collects brain and spinal cord tissue from donors who experience neurodegenerative disease and from neurologically normal individuals. Tissue is processed, characterised and stored to provide high-quality specimens to national and international scientists for the purpose of research into these devastating diseases.

Learn more: heartsandmindsgroup.com.au/beneficiaries/neura

Online Pain Education Network (OPEN)

Transforming how healthcare professionals understand and treat chronic pain and improve pain care outcomes.

The OPEN Clinical Pain Training Program is helping transform chronic pain care by equipping healthcare professionals with practical, evidence-based skills in contemporary pain management. Through accessible, interdisciplinary online education, OPEN is strengthening workforce capability and improving outcomes for Australians living with chronic pain.

Learn more: heartsandmindsgroup.com.au/beneficiaries/pain

Peter MacCallum Cancer Centre

Pioneering Next-Generation Cancer Treatments

Since its establishment at Peter Mac in 2019, the Centre of Excellence in Cellular Immunotherapy (CoE CIT) has become one of Australia's leading hubs for developing next-generation, cell-based cancer therapies. The Centre bridges the critical gap between laboratory discovery and patient care – identifying the most promising research and advancing it into safe, manufacture-ready therapies for early clinical trials.

Learn more: heartsandmindsgroup.com.au/beneficiaries/peter-mac

RPA Green Light Institute for Emergency Care

Seeking to lead improvement in emergency care and patient outcomes through collaborative research and innovation.

The RPA Green Light Institute is advancing the future of emergency care through clinical research and collaboration. Its work spans state-of-the-art AI, patient flow, trauma, cardiac arrest, sepsis and mental health, translating research into better outcomes for patients and health services.

Learn more: heartsandmindsgroup.com.au/beneficiaries/rpa

SpinalCure Australia

Identifying and funding the world's most promising cure-focused research for spinal cord injury.

SpinalCure's mission is to cure spinal cord injury (SCI) by funding breakthrough research, technologies and providing job security for Australia's bright scientists. Their diverse cure-focussed research portfolio includes neurostimulation clinical trials, injury mapping using machine learning, an iVig trial and researching microscopic self-repairing worms. They aim to develop Australia's first treatments for 21,000+ Australians living with an SCI.

Learn more: heartsandmindsgroup.com.au/beneficiaries/spinalcure

St Vincent's Clinic Research Foundation (SVCRF)

Bridging the gap from bench to bedside through translational research.

SVCRF supports early-phase projects that advance medical knowledge and improve patient care, helping early-career researchers build their track record and enabling established researchers to pursue new ideas.

Learn more: heartsandmindsgroup.com.au/beneficiaries/svcrf

Sydney Children's Hospital Foundation (SCHF)

SCHF raises funds to help ensure every child can access the best possible care, when and where they need it.

Supporting the development of a strategic plan to harness big data, biobanking, innovative trial designs and long-term neurodevelopmental outcomes in children following critical illness and intensive care admission.

Learn more: heartsandmindsgroup.com.au/beneficiaries/kids-critical-care-research

The Florey

Where remarkable minds advance brain research.

The Florey is the largest brain research centre in the Southern Hemisphere, with teams of researchers dedicated to building knowledge across a range of brain and mental health conditions.

Learn more: heartsandmindsgroup.com.au/beneficiaries/the-florey

UNSW

Turning research into real-world impact.

Supporting the development of a new glioblastoma therapy combining copper chelation with CAR T and checkpoint inhibitors, while investigating the role of eccDNA in immune–tumour interaction.

Learn more: heartsandmindsgroup.com.au/beneficiaries/unsw

Victor Chang Cardiac Research Institute

Australia's home of heart research – globally renowned for scientific discoveries in cardiovascular disease.

Empowering several research projects across the Institute, including a world-first ultrasound 'microbubble' treatment — sonoperfusion — that initiates treatment much earlier in the pre-hospital setting. This approach protects the heart during the critical window around a heart attack, giving patients who face a delay to surgery far greater odds of survival.

Learn more: heartsandmindsgroup.com.au/beneficiaries/victor-chang

WEHI

Collaborating and innovating to help people live healthier, longer lives.

Supporting a portfolio of research projects aimed at improving understanding across a range of complex diseases. This includes uncovering the genetic causes of autoimmune diseases, pancreatic and breast cancers, as well as improving the safety and effectiveness of CAR T-cell therapy.

Learn more: heartsandmindsgroup.com.au/beneficiaries/wehi

Directors' Report to Shareholders

The Directors of Hearts and Minds Investments Limited (hereafter referred to as 'HM1' or the 'Company') present their report together with the annual report of the Company ('Annual Report') for the year ended 30 June 2026.

Principal Activity

HM1 was established in 2018 with the combined objective of providing a concentrated investment portfolio of the highest conviction ideas from selected fund managers, while also supporting Australian medical research organisations. No change in this activity took place during the period or is likely in the future.

Review of Operations

For the year ended 30 June 2026, the Company recorded a total comprehensive income after tax of $29.6 million (2025: total comprehensive income after tax of $124.8 million). As a listed investment company, the Company's results are driven by the performance of the investment portfolio. The investment portfolio generated a pre-tax return of 5.2% for the year ended 30 June 2026 building on strong performance in the prior year. The Conference Portfolio performed well, although with some large moves in both directions, and the Core Portfolio had a mixed performance. Since the inception of the Company in November 2018, HM1 has generated a compound annual pre-tax investment return of 10.7%. Further details of the performance of the investment portfolio and the Company can be found in the Investment Committee Report.

Financial Position

The net asset value of the Company decreased from $786.7 million on 30 June 2025 to $773.9 million as of 30 June 2026, comprising total comprehensive income after tax of $29.6 million less fully franked dividends paid to shareholders of $42.4 million. Further information on the financial position of the Company and the movement in net asset values is contained in the Investment Committee Report.

Dividends

HM1 provides shareholders with exposure to a concentrated portfolio of Australian and international securities. As such, returns to shareholders are predominantly delivered through capital growth which, when realised from the sale of securities, is taxed at the corporate tax rate, and may be paid as franked dividends to shareholders. The Board is committed to paying fully franked dividends to shareholders provided the Company has sufficient profit reserves and franking credits and it is within prudent business practice.

During the year, HM1 paid fully franked dividends amounting to 18.5 cents per share. HM1 has declared a final fully franked dividend for the year ended 30 June 2026 of 10.0 cents per share payable in October 2026.

Corporate Tax Rate

The Company is taxed at the corporate rate of 30.0%. The Company maintains a franking account.

Medical Research

In line with its philanthropic objective, HM1 provides financial contributions equivalent to 1.5% of NTA per annum to leading Australian medical research organisations to fund the development of new medicines and treatments and to drive a new generation of medical research in Australia. This is effectively funded by HM1's participating fund managers, its Board of Directors and Committees all working on a pro bono basis.

During the year ended 30 June 2026, HM1 paid $11.4 million to its designated medical research organisations and increased its accrual for future donations by $0.1 million from $8.2 million to $8.3 million. These monies will be used by the medical research organisations to fund important research into the prevention and treatment of many diseases.

Directors

The following persons held office as Directors during the period or since the end of the period and up to the date of this report:

Christopher Cuffe AO	Chairman and Independent Director
Lorraine Berends AM	Independent Director
Guy Fowler OAM	Independent Director
Matthew Grounds AM	Independent Director
Michael Traill AM	Independent Director
Gary Weiss AM	Independent Director
Geoffrey Wilson AO	Independent Director
David Wright	Independent Director
Richard Howes	Managing Director

Information of Directors

Christopher Cuffe AO (Chairman and Independent Director)

Experience and expertise

Commencing his career as a chartered accountant, Christopher Cuffe entered the fund management industry in 1985. In 1988, he joined Colonial First State where he was CEO from 1990 until 2003. In 2003, he became CEO of the listed Challenger Group. He holds a Bachelor of Commerce from the University of New South Wales and a Diploma from the Securities Institute of Australia. In October 2007 Christopher was inducted into the Australian Fund Manager's RBS Hall of Fame for services to the investment industry.

Christopher Cuffe has been Chair of the Company since 12 September 2018, the date of incorporation.

Other current directorships

Christopher Cuffe is currently involved in a portfolio of activities in the investment and non-profit sectors which includes director of listed investment company Staude Capital Global Value Fund Limited; founder, director and portfolio manager of Third Link Growth Fund; portfolio manager of Australian Philanthropic Services Foundation General Portfolio; and Investment Manager of Partners Horizon Fund.

Information on Directors (continued)

Christopher Cuffe AO (Chairman and Independent Director) (continued)

Special responsibilities

Chair of the Board and member of the Investment Committee.

Interests in shares of the Company

Details of Christopher Cuffe's interests in shares of the Company are included later in this report.

Interests in contracts

Christopher Cuffe has no interests in contracts of the Company.

Lorraine Berends AM (Independent Director)

Experience and expertise

Lorraine Berends has worked in the financial services industry for over 40 years and possesses extensive experience in both investment management and superannuation. Before moving to a non-executive career in 2014, she worked for 15 years with US based investment manager Marvin & Palmer Associates. She contributed extensively to industry associations throughout her executive career, serving on the boards of the Investment Management Consultants Association (now the CIMA Society of Australia) for 13 years (7 years as Chair) and the Association of Superannuation Funds Australia (ASFA) for 12 years (3 years as Chair). She has been awarded life membership of both the CIMA Society and ASFA. She holds a Bachelor of Science from Monash University, is a fellow of the Actuaries Institute and a fellow of ASFA.

Other current directorships

Lorraine Berends is an independent Non-Executive Director of ASX listed Pinnacle Investment Management Group Limited (appointed September 2018) and of listed investment companies Plato Income Maximiser Limited (appointed February 2017) and Spheria Emerging Companies Limited (appointed September 2017). She is also a Non-Executive Director of the PNI Foundation Limited.

Special responsibilities

Chair of the Investment Committee.

Interests in shares of the Company

Details of Lorraine Berends' interests in shares of the Company are included later in this report.

Interests in contracts

Lorraine Berends has no interests in contracts of the Company.

Information on Directors (continued)

Guy Fowler OAM (Independent Director)

Experience and expertise

Guy Fowler is a co-founder of the Hearts and Minds Investment Leaders Conference which was the precursor to the formation of HM1. Guy is also the founder and Co-Executive Chair of Barrenjoey Capital Partners Pty Ltd. He worked in a range of senior positions at UBS Australia for over 25 years including as the Head of Capital Markets and as the Head of the Corporate Advisory business. In these roles he has advised on many of the largest and most complex equity capital markets and corporate transactions completed in Australia. He is a qualified Chartered Accountant.

Other current directorships

None.

Special responsibilities

None.

Interests in shares of the Company

Details of Guy Fowler's interests in shares of the Company are included later in this report.

Interests in contracts

None.

Matthew Grounds AM (Independent Director)

Experience and expertise

Matthew Grounds is a co-founder of the Hearts and Minds Investment Leaders Conference which was the precursor to the formation of HM1. Matthew is also the Co-Executive Chair of Barrenjoey Capital Partners. Prior to joining Barrenjoey, Matthew held a variety of senior roles at UBS including as CEO and Country Head for the ANZ business for 11 years, Joint Global Head of the Global Investment Banking business and he served as a member of the Global Executive Committee for several years. In these roles, Matthew has advised on many of the largest and most complex M&A and equity capital markets and corporate transactions. He is also Chairman of Victor Chang Cardiac Research Institute, and a Director of the Financial Markets Foundation for Children. He served as a member of UNSW Council for 18 years, retiring in 2025. Matthew holds a Bachelor of Commerce (Finance major) and a Bachelor of Laws from the University of New South Wales.

Other current directorships

None.

Special responsibilities

Member of the Investment Committee.

Interests in shares of the Company

Details of Matthew Grounds' interests in shares of the Company are included later in this report.

Information on Directors (continued)

Matthew Grounds AM (Independent Director) (continued)

Interests in contracts

Matthew Grounds is Chairman of Victor Chang Cardiac Research Institute which is a designated charitable beneficiary of Hearts and Minds Investments Limited.

Michael Traill AM (Independent Director)

Experience and expertise

Michael Traill was founding CEO Social Ventures Australia in 2002, after 15 years as a co-founder and Executive Director of Macquarie Group's private equity arm, Macquarie Direct Investment. He is the author of "Jumping Ship – From the world of corporate Australia to the heart of social investment" which won the prestigious Ashurst Business Literature Prize. In 2010, he was made a member of the Order of Australia in recognition of his services to non-profit organisations. He holds a BA (Hons) from the University of Melbourne and an MBA from Harvard University. He is also an Adjunct Professor for the Centre for Social Impact (UNSW) and Chair of the Federal Government Task Force on Social Impact Investing.

Other current directorships

Michael Traill currently has a range of primarily social purpose Chair and board roles including Executive Chair of For Purpose Investments, a Director of M H Carnegie & Co, For Purpose Aged Care Australia, the Grattan Institute, For Purpose Education and Australian Philanthropic Services, and Chair of the Investment Committee for Palisade Impact.

Special responsibilities

None.

Interests in shares of the Company

Details of Michael Traill's interests in shares of the Company are included later in this report.

Interests in contracts

Michael Traill has no interests in contracts of the Company.

Information on Directors (continued)

Gary Weiss AM (Independent Director)

Experience and expertise

Gary Weiss is a co-founder of the Hearts and Minds Investment Leaders Conference which was the precursor to the formation of HM1. Gary was formerly Chair of Coats PLC, Estia Health Limited and Clearview Wealth Limited and is a former Non-Executive Director of Premier Investments Limited and Westfield Holdings Limited, a former Executive Director of Whitlam, Turnbull & Co and Guinness Peat Group PLC and sat on the board of several other public companies. He has also been involved in overseeing large businesses with operations in many regions including Europe, China and India and is familiar with investments across a wide range of industries, corporate finance and private equity type deals. He holds an LLB (Hons) and LLM from Victoria University of Wellington and a Doctor of the Science of Law (JSD) from Cornell University. He was admitted as a Barrister and Solicitor of the Supreme Court of New Zealand, a Barrister and Solicitor of the Supreme Court of Victoria and as a Solicitor of the Supreme Court of New South Wales.

Other current directorships

Gary Weiss is currently the Executive Director of Ariadne Australia Limited (appointed November 1989), the Chairman of Coast Entertainment Holdings Limited (appointed September 2017), Cromwell Property Group (appointed March 2021), Interim Chairman of Webjet Group Ltd (appointed May 2026) and Deputy Chairman of Myer Holdings Limited (appointed November 2023). Gary is also a Non-Executive Director of The Straits Trading Company Limited (appointed April 2026), Thorney Opportunities Limited (appointed November 2013) and the Victor Chang Cardiac Research Institute. He is also a Commissioner of the Australian Rugby League Commission.

Special responsibilities

None.

Interests in shares of the Company

Details of Gary Weiss' interests in shares of the Company are included later in this report.

Interests in contracts

Gary Weiss is a Non-Executive Director of Victor Chang Cardiac Research Institute which is a designated charitable beneficiary of Hearts and Minds Investments Limited.

Geoffrey Wilson AO (Independent Director)

Experience and expertise

Geoff Wilson has more than 46 years' direct experience in investment markets, having held a variety of senior investment roles in Australia, the UK and the US. He founded Wilson Asset Management in 1997, which today comprises 20 investment professionals with more than 250 years of combined investment experience. Wilson Asset Management manages over $6 billion on behalf of more than 130,000 investors as the investment manager for nine listed investment companies (LICs) and two unlisted funds: Wilson Asset Management Leaders Fund and Wilson Asset Management Founders Fund. Geoff is the founder of Australia's first listed philanthropic wealth creation vehicles: Future Generation Australia and Future Generation Global. He holds a Bachelor of Science, a Graduate Management Qualification, and is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors.

Information on Directors (continued)

Geoffrey Wilson AO (Independent Director) (continued)

Other current directorships

Geoff Wilson is currently Chairman of WAM Capital Limited (appointed March 1999), WAM Leaders Limited (appointed March 2016), WAM Research Limited (appointed June 2003), WAM Active Limited (appointed July 2007), WAM Microcap Limited (appointed March 2017), WAM Global Limited (appointed February 2018), WAM Strategic Value Limited (appointed March 2021) and WAM Income Maximiser Limited (appointed October 2023). He is the Founder and a Director of Future Generation Australia Limited (appointed July 2014), Future Generation Global Limited (appointed May 2015) and Future Generation Women Limited (appointed February 2024). He is also a Director of WAM Alternative Assets Limited (appointed September 2020), Staude Capital Global Value Fund Limited (appointed April 2014), Sporting Chance Cancer Foundation (appointed August 1997) and the Australian Rugby Foundation (appointed February 2024).

Special responsibilities

None.

Interests in shares of the Company

Details of Geoffrey Wilson's interests in shares of the Company are included later in this report.

Interests in contracts

Geoffrey Wilson has no interest in contracts of the Company.

David Wright (Independent Director)

Experience and expertise

David is the Head of Client Solutions at Pinnacle Investment Management Group Ltd (ASX:PNI), a group with 19 affiliate investment managers and over A$200 billion in funds under management. Prior to that he co-founded Zenith Investment Partners where he was CEO of the Group until December 2023 before moving to the Investment Director role where he had overall responsibility for the strategic direction of the investment functions of the Group. David has over 35 years of investment and wealth management experience covering investment research, investment consulting, asset allocation and investment committee advice. He holds a Bachelor of Commerce (Economics & Commercial Law) and a Graduate Diploma in Advanced Finance and Investment.

Other current directorships

None.

Special responsibilities

David is a member of the Investment Committee.

Information on Directors (continued)

David Wright (Independent Director) (continued)

Interests in shares of the Company

Details of David Wright's interests in shares of the Company are included later in this report.

Interests in contracts

David Wright has no interests in contracts of the Company.

Richard Howes (Managing Director)

Experience and expertise

Richard Howes is a globally experienced executive and director with over 30 years in financial services. He was Group CEO and Managing Director of Challenger Limited, an ASX-listed financial services company managing over $100 billion in assets, where he spent 19 years in senior roles including Chief Investment Officer and CEO of Challenger's leading annuity business. Prior to Challenger, Richard held leadership positions at Zurich Capital Markets, Macquarie and Bankers Trust, following a start to his career in strategy at QIC. Richard holds Commerce (Hons) and Economics degrees from UQ and is a graduate of Harvard Business School's Advanced Management Program.

Other current directorships

Richard currently serves on the UTS Council and its Finance Committee and sits on the board of Edge Zero.

Special responsibilities

Richard is a member of the Investment Committee.

Interests in shares of the Company

Details of Richard Howes' interests in shares of the Company are included later in this report.

Interests in contracts

Richard Howes has no interests in contracts of the Company outside of the services agreement under which he provides services as an executive.

Managing Director

Richard Howes (appointed 1 June 2025)

Richard Howes is also a Director. Please refer above for details of Richard Howes' experience and qualifications.

Chief Investment Officer

Charlie Lanchester

Charlie is an accomplished fund manager and investor with over 30 years active funds management experience at leading investment organisations. Most recently Charlie was Head of Fundamental Australian Active Equities at BlackRock. Prior to that Charlie held senior investment roles at Perpetual Investments, Platinum Asset Management and Schroder Investment Management. Charlie is also currently the Chair of Surf Aid International and Chrome Temple Investments Pty Ltd, and a director of SMEV SPV5 Pty Ltd and SMEV SPV7 Pty Ltd.

Company Secretary

Natalie Climo

Ms. Climo is an employee of Boardroom Group Australia, a leading corporate and financial services provider. Natalie is an experienced governance professional and lawyer with extensive experience in corporate governance and board advisory of ASX listed and unlisted companies. Natalie is currently the company secretary to several ASX-listed entities and advises companies across several sectors.

Members of the Investment Committee

The experience and qualifications of the members of the Investment Committee at the end of the financial period, up to the date of this report are set out below:

Brett Paton

Brett Paton is currently Chairman of ASX listed Pointsbet Limited and Murray Cod Australia Limited. He is also Chairman of EFM Asset Management. He has worked in a range of senior positions including Chairman of Escala Pty Ltd, Vice Chairman at UBS Australia where he spent 23 years and 5 years at Citi serving as Vice Chairman Australia, Institutional Clients Group. Brett has served as a Non-Executive Director of Tabcorp Limited. He was a Council Member at RMIT University and Chair of the Risk and Audit Committee. He is a qualified Chartered Accountant.

Christopher Cuffe AO

Christopher Cuffe is also a Director. Please refer above for details of Christopher Cuffe's experience and qualifications.

Lorraine Berends AM

Lorraine Berends is also a Director. Please refer above for details of Lorraine Berends' experience and qualifications.

David Wright

David Wright is also a Director. Please refer above for details of David Wright's experience and qualifications.

Matthew Grounds AM

Matthew Grounds is also a Director. Please refer above for details of Matthew Ground's experience and qualifications.

Richard Howes

Richard Howes is also a Director. Please refer above for details of Richard Howes' experience and qualifications.

Remuneration Report (Audited)

The responsibility for the Company's remuneration policy rests with the Board of Directors. Given the size of the Company, its charitable nature, that the Company has only four employees and that Directors have agreed to waive Directors' fees on an ongoing basis, the Company has not formed a separate remuneration committee.

a) Remuneration of Directors and Other Key Management Personnel

Key management personnel ('KMP') include the Directors, the Managing Director and the Chief Investment Officer. Directors have agreed to waive their Directors' fees on an ongoing basis. For the year ended 30 June 2026, no Directors' fees were paid by the Company. The remuneration of the Managing Director and the Chief Investment Officer is based on the scope and responsibilities of their roles. The Board determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced candidates to these roles. The remuneration of the Managing Director and the Chief Investment Officer is set out below. The Chief Investment Officer is employed under a standard employment contract with a three-month notice period. The Managing Director is retained via a services company under a services agreement with a 90-day notice period. The remuneration of the Managing Director and the Chief Investment Officer is fixed and does not include securities or options in the Company and no element of the remuneration is tied to Company performance. The Chief Investment Officer is not provided with retirement benefits apart from statutory superannuation. The Managing Director does not receive retirement benefits or superannuation.

Year ended 30 June 2026	Short-term fixed remuneration $	Termination benefits $	Post-employment benefits superannuation $	Total remuneration $
Charlie Lanchester	225,000	–	25,500	250,500
Richard Howes*	237,500	–	–	237,500

* Fees provided in relation to Managing Director role pursuant to services agreement

Year ended 30 June 2025	Short-term fixed remuneration $	Termination benefits $	Post-employment benefits superannuation $	Total remuneration $
Charlie Lanchester	282,692	–	29,932	312,624
Richard Howes* (appointed 1/6/25)	16,041	–	–	16,041
Past Employee				
Brett Jollie (employed 9/12/24-30/6/25)	180,644	160,034**	17,336	358,014
Paul Rayson (employment ceased 19/2/25)	175,780	210,741**	19,153	405,674

* Commenced 1 June 2025. Fees provided in relation to Managing Director role pursuant to services agreement
** Includes payment for notice period and statutory entitlements

Remuneration Report (Audited) (continued)

Company performance measures and KMP remuneration	2026	2025	2024	2023	2022
Total comprehensive income/(loss) ($)	29,553,502	124,783,447	53,454,775	62,953,931	(219,589,213)
Dividends (cents per share)	18.5	15.5	14.0	13.5	13.5
NTA after tax ($ per share)	3.38	3.44	3.05	2.95	2.81
Share Price ($ per share)	2.95	3.04	2.58	2.26	2.02
Total KMP remuneration ($)	488,000	1,092,353	609,891	781,871	501,000
Shareholders' Equity ($)	773,890,492	786,699,289	697,407,504	675,522,876	641,129,695

b) Other KMP Related Transactions

Matthew Grounds is Chairman of Victor Chang Cardiac Research Institute which is a designated medical research beneficiary of Hearts and Minds Investments Limited. Hearts and Minds Investments Limited donated $4,961,966 to Victor Chang Cardiac Research Institute for the year ended 30 June 2026 (2025: $4,501,788).

Gary Weiss is a Non-Executive Director of Victor Chang Cardiac Research Institute which is a designated medical research beneficiary of Hearts and Minds Investments Limited. Hearts and Minds Investments Limited donated $4,961,966 to Victor Chang Cardiac Research Institute for the year ended 30 June 2026 (2025: $4,501,788).

Michael Traill was a Chair of Paul Ramsay Foundation until 30 June 2026. Paul Ramsay Foundation held 4,270,106 shares in HM1 on 30 June 2026 (2025: 4,270,106).

c) Equity Instruments Disclosures of Directors, Other Key Management Personnel and Related Parties

As at the date of this report, the Directors, other key management personnel and their related parties held the following interest in the Company:

Ordinary shares held	Opening balance at 1 July 2025	Acquisitions	Disposals	Closing balance at 30 June 2026
Christopher Cuffe AO	100,000	50,000	–	150,000
Lorraine Berends AM	45,000	–	–	45,000
Guy Fowler OAM	1,426,211	–	–	1,426,211
Matthew Grounds AM	1,260,959	–	–	1,260,959
Michael Traill AM	72,281	–	–	72,281
Gary Weiss AM	504,500	3,346	–	507,846
Geoffrey Wilson AO	1,687,500	–	–	1,687,500
David Wright	100,090	6,149	–	106,239
Charlie Lanchester	89,061	–	–	89,061
Richard Howes*	105,000	–	–	105,000

* Holdings held prior to commencement with the Company

Remuneration Report (Audited) (continued)

c) Equity Instruments Disclosures of Directors, Other Key Management Personnel and Related Parties (continued)

Directors, other key management personnel and Director related entities acquired and disposed of ordinary shares in the Company on the same terms and conditions available to other shareholders. There has been no change in the interests of Directors, other key management personnel and Director Related entities since the end of the financial year to the date of this report. The Directors have not, during or since the end of financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

- End of remuneration report -

Directors' Meetings

Director	No. of eligible to attend	Attended
Christopher Cuffe AO	4	4
Lorraine Berends AM	4	4
Guy Fowler OAM	4	4
Matthew Grounds AM	4	4
Michael Traill AM	4	3
Gary Weiss AM	4	4
Geoffrey Wilson AO	4	4
David Wright	4	4
Richard Howes	4	4

Investment Committee Meetings

Member	No. of eligible to attend	Attended
Christopher Cuffe AO	4	4
Lorraine Berends AM	4	4
Brett Paton	4	3
David Wright	4	3
Matthew Grounds AM	4	3
Richard Howes	4	4

Events Occurring After the Reporting Period

The Company has declared an increased final fully franked dividend of 10.0 cents per share payable in October 2026.

The Directors are not aware of any other events subsequent to 30 June 2026 that would materially affect the operations of the Company, the results of those operations or the state of affairs of the Company.

Future Developments

HM1's future performance is dependent on the performance of the HM1 investment portfolio, which in turn is impacted by investee company-specific factors and prevailing industry conditions. In addition, a range of external factors including economic growth rates, interest rates, exchange rates and macro-economic conditions impact the overall equity market. Accordingly, it is not possible or appropriate to accurately predict the future performance of HM1's investment portfolio and HM1's performance.

Environmental Regulation

The Company's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

Risk Management Philosophy and Approach

The Board of Directors' risk policies and controls are designed to be robust and relevant to the investment objectives and investment strategy. The Board of Directors is committed to robust corporate governance practices to create value and provide accountability and a control system commensurate with the risk involved. The Board of Directors will monitor the investment portfolio to ensure compliance with the investment strategy and the investment guidelines. The Investment Committee, in conjunction with the Chief Investment Officer, is responsible for managing the investment portfolio. The Investment Committee meets quarterly, and more frequently as required, to review the investment portfolio and ensure that HM1 continues to deliver on its investment objective and investment strategy. The Investment Committee has recently engaged with Plato to improve HM1's investment risk management process.

Indemnification and Insurance of Officers and Directors

The Company has director protection deeds with each Director. Under these deeds, the Company has agreed to indemnify, to the extent permitted by the *Corporations Act 2001*, each Director in respect of certain liabilities which the Director may incur as a result of, or by reason of, being or acting as a Director of the Company. The Company has also agreed to maintain in favour of each officer of the Company, a directors' and officers' policy of insurance for the period that they are officers and for seven years after they cease to act as officers.

No indemnities have been given or insurance premiums paid during or since the end of the financial period, for any person who is or has been an auditor of the Company.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-Audit Services

During the year, Pitcher Partners, the Company's auditor, did not perform any non-assurance services in addition to their statutory duties for the Company. Related entities of Pitcher Partners perform certain taxation services for the Company. Details of the amounts paid to the auditors are disclosed in Note 5 of the financial statements.

The Board of Directors is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with the *APES 110: Code of Ethics for Professional Accountants* including Independence Standards set by the Accounting Professional and Ethical Standards Board.

Rounding of Amounts

In accordance with the *ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2026/183*, the amounts in the Directors' Report to Shareholders and Annual Report have been rounded off in accordance with that Class Order to the nearest dollar or unless otherwise indicated.

Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2026 is provided on the Company website at heartsandmindsinvestments.com.au

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 on the following page.

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

Christopher Cuffe AO
Chair and Independent Director

Sydney
26 August 2026

Pitcher Partners Sydney
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Auditor's Independence Declaration
To the Directors of Hearts and Minds Investments Limited
ABN 61 628 753 220

In accordance with section 307C of the *Corporations Act 2001*, I declare to the best of my knowledge and belief in relation to the audit of the financial report of Hearts and Minds Investments Limited for the year ended 30 June 2026, there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* in relation to the audit.

R. King

Richard King
Partner

Pitcher Partners
Sydney

26 August 2026

	Notes	For the year ended 30 June 2026 $	For the year ended 30 June 2025 $
Investment income from ordinary activities			
Net realised gains on financial assets at fair value through profit or loss		79,593,475	56,054,278
Net unrealised (losses)/gains on financial assets at fair value through profit or loss		(6,343,252)	96,703,955
Net realised gains/(losses) on foreign exchange transactions		6,003,828	(9,439,257)
Net unrealised (losses)/gains on foreign exchange transactions		(9,824,532)	13,241,863
Dividend income	4	9,884,630	8,575,602
Interest income		6,959	–
Other income		15	346,740
Total investment income		**79,321,123**	**165,483,181**
Expenses			
Donations	7	(11,519,428)	(11,254,469)
Employee costs		(991,861)	(1,384,917)
Other expenses		(1,181,953)	(768,308)
Total expenses		**(13,693,242)**	**(13,407,694)**
Income before income tax		**65,627,881**	**152,075,487**
Income tax expense	3	(19,254,326)	(45,257,466)
Net income for the year		**46,373,555**	**106,818,021**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net realised (losses)/gains on investments taken to equity, net of tax	9(b)	(15,227,329)	19,283,879
Net unrealised losses on investments taken to equity, net of tax	9(b)	(1,592,724)	(1,318,453)
Net realised and unrealised (losses)/gains on investments taken to equity, net of tax		(16,820,053)	17,965,426
Other comprehensive (loss)/income, net of tax		(16,820,053)	17,965,426
Total comprehensive income		**29,553,502**	**124,783,447**
		Cents	**Cents**
Earnings per share attributable to the ordinary equity holders of the Company:			
Basic and diluted earnings per share	12	20.25	46.65

The accompanying notes form part of these financial statements.

	Notes	30 June 2026 $	30 June 2025 $
Assets			
Current assets			
Cash and cash equivalents	10	33,956,774	36,005,126
Financial assets at fair value through profit or loss	14	783,751,332	767,636,384
Other receivables	6	383,478	244,352
Total current assets		**818,091,584**	**803,885,862**
Non-current assets			
Financial assets at fair value through other comprehensive income	14	29,904,316	54,067,663
Total non-current assets		**29,904,316**	**54,067,663**
Total assets		**847,995,900**	**857,953,525**
Liabilities			
Current liabilities			
Current tax liabilities	3	15,906,848	7,876,414
Donation provision	7	8,290,178	8,155,264
Other payables		266,298	332,015
Total current liabilities		**24,463,324**	**16,363,693**
Non-current liabilities			
Deferred tax liabilities	3	49,642,084	54,890,543
Total non-current liabilities		**49,642,084**	**54,890,543**
Total liabilities		**74,105,408**	**71,254,236**
Net assets		**773,890,492**	**786,699,289**
Equity			
Share capital	8	574,939,172	574,939,172
Reserves	9(a)	198,951,320	145,980,035
Retained earnings		–	65,780,082
Total equity		**773,890,492**	**786,699,289**

The accompanying notes form part of these financial statements.

	Note	Share capital $	Investment portfolio revaluation reserve $	Profits reserve $	Retained earnings $	Total $
Balance at 1 July 2024		**574,939,172**	**732,053**	**132,918,270**	**(11,181,991)**	**697,407,504**
Net income for the year		–	–	–	106,818,021	106,818,021
Other comprehensive income for the year, net of tax	9(b)	–	17,965,426	–	–	17,965,426
Transfer to profits reserve	9(c)	–	(19,283,879)	49,139,827	(29,855,948)	–
Transactions with equity holders in their capacity as owners:						
Dividends	9(d)	–	–	(35,491,662)	–	(35,491,662)
Balance at 30 June 2025		**574,939,172**	**(586,400)**	**146,566,435**	**65,780,082**	**786,699,289**
Balance at 1 July 2025		**574,939,172**	**(586,400)**	**146,566,435**	**65,780,082**	**786,699,289**
Net income for the year		–	–	–	46,373,555	46,373,555
Other comprehensive loss for the year, net of tax	9(b)	–	(16,820,053)	–	–	(16,820,053)
Transfer to profits reserve	9(c)	–	15,227,329	96,926,308	(112,153,637)	–
Transactions with equity holders in their capacity as owners:						
Dividends	9(d)	–	–	(42,362,299)	–	(42,362,299)
Balance at 30 June 2026		**574,939,172**	**(2,179,124)**	**201,130,444**	**–**	**773,890,492**

The accompanying notes form part of these financial statements.

	Notes	For the year ended 30 June 2026 $	For the year ended 30 June 2025 $
Cash flows from operating activities			
Dividends received		9,689,105	8,616,604
Interest income received		6,959	–
Other income received		56,414	303,968
Donations paid		(11,384,514)	(9,543,045)
Payments for other expenses		(2,239,531)	(1,961,210)
Income tax (paid)/refund		(9,263,757)	30,706
Net cash used in operating activities	11	**(13,135,324)**	**(2,552,977)**
Cash flows from investing activities			
Proceeds from sales of investments		460,897,005	412,183,551
Payments for purchases of investments		(403,627,030)	(407,861,225)
Net cash provided by investing activities		**57,269,975**	**4,322,326**
Cash flows from financing activities			
Dividends paid	9(d)	(42,362,299)	(35,491,662)
Net cash used in financing activities		**(42,362,299)**	**(35,491,662)**
Net increase/(decrease) in cash and cash equivalents		1,772,352	(33,722,313)
Cash and cash equivalents at the beginning of the year		36,005,126	65,924,833
Effect of foreign currency exchange rate changes on cash and cash equivalents		(3,820,704)	3,802,606
Cash and cash equivalents at the end of the year	10	**33,956,774**	**36,005,126**

The accompanying notes form part of these financial statements.

1 General information

Hearts and Minds Investments Limited (the 'Company') is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded. The registered office is Level 8, 210 George Street, Sydney NSW 2000.

The Company was incorporated on 12 September 2018. Its shares were admitted for quotation on the Official List of ASX Limited ('ASX') on 9 November 2018 and commenced operations on 14 November 2018. The Company has no subsidiaries and does not prepare consolidated financial statements. Accordingly, these financial statements of the Company are of an individual entity for the year ended 30 June 2026.

The financial statements were authorised for issue on 26 August 2026 by the Board of Directors.

2 Summary of material accounting policy information

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The financial statements of the Company also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit entity for the purpose of preparing the financial statements. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

These financial statements have been prepared on an accruals basis, and are based on historical cost convention except for the revaluation of financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and cash flow information.

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2026/183*, the amounts in the financial report have been rounded to the nearest dollar, unless otherwise indicated.

The Company has adopted all of the new and amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting year and there was no material impact on adoption.

(b) Investment income

Dividends

Dividends are recognised as revenue in the Statement of Comprehensive Income when the right to receive payment is established.

(c) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

2 Summary of material accounting policy information (continued)

(c) Financial instruments (continued)

Initial recognition and measurement (continued)

At initial recognition, the Company measures a financial asset at its fair value in the Statement of Financial Position. Transaction costs for financial assets carried at fair value through other comprehensive income are included as part of the initial measurement.

Classification of financial assets

Financial assets recognised by the Company are subsequently measured in their entirety at either amortised cost or fair value.

Financial assets not irrevocably designated on initial recognition at fair value through other comprehensive income ('FVTOCI') are classified as 'Fair Value through Profit or Loss' ('FVTPL').

For all investments in equity instruments (financial assets) made between 12 September 2018 and 11 October 2021 the Company made an irrevocable election to present subsequent changes in the fair value of these investments (and the related tax thereon) in other comprehensive income. Such financial assets were classified at FVTOCI and were considered long-term in nature and not held for trading. Some financial assets are still classified in this way at balance date.

From 12 October 2021, the Company classifies new investments in equity instruments (financial assets) at FVTPL in accordance with the entity's business model test and cash flow characteristics. Gains and losses arising from changes in fair value (and the related tax thereon) are included in the net income for the period and the corresponding basic and diluted earnings per share in the period in which they arise.

Classification of financial liabilities

Financial liabilities recognised by the Company are subsequently measured at amortised cost.

Measurement

The fair value of financial assets is based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Usually, the quoted market prices on a recognised exchange or, in its absence, the most advantageous market to which the Company has access at that date. The Company's accounting policy on fair value is disclosed in Note 14.

Changes in the fair value for financial assets at fair value through other comprehensive income are recognised through the investment portfolio revaluation reserve after deducting a provision for the potential deferred tax liability.

Other receivables

Other receivables are non-derivative assets and are stated at their amortised cost less any provision for impairment.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has substantially transferred all the risks and rewards of ownership.

2 Summary of material accounting policy information (continued)

(c) Financial instruments (continued)

Derecognition (continued)

When a financial asset held at fair value through other comprehensive income is disposed, the cumulative gain or loss, net of tax thereon, is transferred from the investment portfolio revaluation reserve to the profits reserve.

(d) Donation provision

In line with the Company's philanthropic objectives, the Company donates a percentage of the Company's net tangible assets to leading Australian medical research organisations every six months. The donations are equal to 1.5% per annum of the average monthly net tangible assets of the previous half-year. The donation provision represents the amount provided for donations at the reporting date.

(e) Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Australian dollars ('AUD' or '$') which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of fair value gain or loss.

(f) Income tax

The income tax expense or benefit for the year is the tax payable on that year's taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and deferred tax liabilities attributable to temporary differences and unused tax losses, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amounts of recognised and unrecognised deferred tax assets are reviewed at each reporting date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

2 Summary of material accounting policy information (continued)

(f) Income tax (continued)

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the Company has a legally enforceable right to offset and intends to settle on a net basis.

Current and deferred tax is recognised in the Profit and Loss or Other Comprehensive Income consistent with the classification of financial assets.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Issued capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares have been recognised in the Statement of Comprehensive Income, net of any tax effects.

(i) Profits reserve

A profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

(j) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting year but not distributed at the end of the reporting year.

(k) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

The investments of the Company are recommended by fund managers who provide their expertise and stock recommendations to the Company on a pro bono basis. Therefore, the investment portfolio of the Company does not incur any fund management fees. It is estimated that the investments fees forgone by the fund managers based on normal commercial terms for the year ended 30 June 2026 equates to $12,422,470 (2025: $11,861,715). This notional benefit to the Company is not included in the financial statements of the Company.

During the year ended 30 June 2026, the Company made no purchases of unlisted securities which are not quoted in an active market (2025: $4,030,600). At 30 June 2026, the Company held an unlisted security which is not quoted in an active market of $36,247,092 (2025: $38,117,003). The Company holds shares in Corporate Travel Management which was suspended from trading in the Australian Securities Exchange on 22 August 2025, so the shares are currently not traded in an active market. These investments are valued at their fair value. The methods used to determine the fair value of these investments are outlined in Note 14.

2 Summary of material accounting policy information (continued)

(k) Critical accounting estimates and judgements (continued)

Other than these estimates, there are no estimates or judgements that have a material impact on the Company's financial results for the year ended 30 June 2026 (2025: None).

(l) New standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2026 reporting period. The Company's assessment of the impact of these new standards and interpretations is set out below.

AASB 18 *Presentation and Disclosure in Financial Statements* ('AASB 18') was issued in June 2024 and is effective for annual reporting periods beginning on or after 1 January 2027, with early adoption permitted. AASB 18 replaces AASB 101 *Presentation of Financial Statements* and introduces new requirements for the presentation of the Statement of Comprehensive Income, including defined categories and subtotals, disclosure of management-defined performance measures, and enhanced principles on aggregation and disaggregation of financial statement line items. The Company has not yet completed its assessment of the impact of AASB 18 on its financial statements however, changes to the presentation of the Statement of Comprehensive Income, Statement of Cash Flows and additional disclosures are expected.

Other than the above, there are no other new accounting standards and interpretations that are issued but not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods.

3 Income tax

(a) Income tax expense

The prima facie tax on profit or loss before income tax is reconciled to the income tax expense as follows:

	For the year ended 30 June 2026 $	For the year ended 30 June 2025 $
Prima facie income tax expense on the net profit at 30%	19,688,365	45,622,646
Imputation credits and foreign tax credits claimed at 100%	(879,561)	(521,686)
Imputation credits gross up on dividends received	263,868	156,506
Franking credits on dividends received	(107,143)	–
Franking credits gross up on dividends received	32,143	–
Adjustment for income tax expense	256,654	–
Income tax expense recognised in profit or loss	**19,254,326**	**45,257,466**
Income tax (credit)/expense on net realised (losses)/gains on investments	(6,525,998)	8,264,520
Deferred tax credit on net unrealised losses on investments	(682,596)	(565,051)
Income tax (credit)/expense recognised in other comprehensive income	**(7,208,594)**	**7,699,469**
Total income tax expense	**12,045,732**	**52,956,935**

3 Income tax (continued)

(b) Total income tax expense results in a:

	For the year ended 30 June 2026 $	For the year ended 30 June 2025 $
Current income tax liabilities	24,067,837	(388,106)
Deferred tax assets	665,444	32,948,799
Deferred tax liabilities	(5,478,955)	12,696,773
Income tax expense recognised in profit or loss	**19,254,326**	**45,257,466**
Current income tax liabilities	(6,525,998)	8,264,520
Deferred tax liabilities	(682,596)	(565,051)
Income tax (credit)/expense recognised in other comprehensive income	**(7,208,594)**	**7,699,469**
Total income tax expense	**12,045,732**	**52,956,935**

(c) Balance of current tax liabilities:

	30 June 2026 $	30 June 2025 $
Current tax liabilities	**(15,906,848)**	**(7,876,414)**
Current tax payable	(15,906,848)	(7,876,414)
Closing balance	**(15,906,848)**	**(7,876,414)**
Movement in current tax liabilities:		
Opening balance	(7,876,414)	–
Charged to profit or loss	(22,432,846)	388,106
Charged to other comprehensive income	6,525,998	(8,264,520)
Current tax liabilities paid during the year	7,876,414	–
Closing balance	**(15,906,848)**	**(7,876,414)**

3 Income tax (continued)

(d) Balance of deferred tax assets:

	30 June 2026 $	30 June 2025 $
Deferred tax assets	**–**	**–**
Tax losses carried forward	–	–
Accrual not deductible at balance date	–	–
Increase in provision for employee entitlements	–	–
Unrealised losses on foreign exchange	–	–
Dividend receivable at balance date	–	–
Closing balance	**–**	**–**
Movement in deferred tax assets:		
Opening balance	–	9,744,087
Charged to profit or loss	–	(9,744,087)
Charged to other comprehensive income	–	–
Closing balance	**–**	**–**

(e) Balance of deferred tax liabilities:

	30 June 2026 $	30 June 2025 $
Deferred tax liabilities	**(49,642,084)**	**(54,890,543)**
Tax liability in relation to unrealised gains on investments	(49,642,084)	(54,890,543)
Closing balance	**(49,642,084)**	**(54,890,543)**
Movement in deferred tax liabilities:		
Opening balance	(54,890,543)	(19,523,404)
Charged to profit or loss	5,248,459	(35,367,139)
Closing balance	**(49,642,084)**	**(54,890,543)**

3 Income tax (continued)

(f) Dividend franking account

	For the year ended 30 June 2026 $	For the year ended 30 June 2025 $
Opening balance	26,058,949	41,288,184
Franking credits on dividends received	107,143	–
Franking credits on dividends paid	(18,155,271)	(15,210,712)
Tax paid/(received) during the year	9,255,338	(18,523)
Closing balance of franking account	**17,266,159**	**26,058,949**
Franking credits on dividends receivable	–	16,132
Franking credits on tax payable	15,906,848	7,876,414
Franking credits available for use in subsequent reporting periods	**33,173,007**	**33,951,495**

4 Dividend income

Dividend income from financial assets at fair value

	For the year ended 30 June 2026 $	For the year ended 30 June 2025 $
Dividend income from financial assets at fair value – Investments sold during the year	2,285,197	1,088,056
Dividend income from financial assets at fair value – Investments held at year end[1]	8,478,994	8,009,232
Dividend income from financial assets at fair value	**10,764,191**	**9,097,288**
Withholding tax on dividends	(879,561)	(521,686)
Dividend income from financial assets at fair value	**9,884,630**	**8,575,602**

[1] Dividend income related to investments in other comprehensive income as of 30 June 2026 is $165,396 (2025: $203,542).

5 Remuneration of auditors

During the year, the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	For the year ended 30 June 2026 $	For the year ended 30 June 2025 $
Audit and review of financial statements	67,559	68,802
Other services provided by related practice of the auditor		
Taxation services	12,400	7,442
Total remuneration for audit and other assurance services	**79,959**	**76,244**

6 Other receivables

	30 June 2026 $	30 June 2025 $
Dividend receivable	383,461	187,936
Other receivables	17	56,416
Total other receivables	**383,478**	**244,352**

7 Donation provision

	30 June 2026 $	30 June 2025 $
Donation provision	8,290,178	8,155,264
Total donation provision	**8,290,178**	**8,155,264**

For the year ended 30 June 2026, the amount recognised in the Statement of Comprehensive Income as an expense was $11,519,428 (2025: $11,254,469). This amount represents donations paid or payable to medical research beneficiaries to advance medical research in Australia. As at 30 June 2026, the amount recorded as a donation provision in the Statement of Financial Position of $8,290,178 (2025: $8,155,264) represents a provision for donations payable to medical research beneficiaries at balance date.

8 Share capital

Issued capital

	30 June 2026 No. of shares	30 June 2026 $
Ordinary shares	228,982,167	574,939,172

	30 June 2025 No. of shares	30 June 2025 $
Ordinary shares	228,982,167	574,939,172

There were no movements in the share capital of the Company for the years ended 30 June 2025 and 30 June 2026.

During the year ended 30 June 2026, the Company acquired fully paid ordinary shares on market and transferred them to shareholders pursuant to the Dividend Reinvestment Plan ('DRP'). 612,652 fully paid ordinary shares were transferred to shareholders on 16 October 2025, and 809,633 fully paid ordinary shares were transferred on 16 April 2026.

During the year ended 30 June 2025, the Company acquired fully paid ordinary shares on market and transferred them to shareholders pursuant to the DRP. 708,304 fully paid ordinary shares were transferred to shareholders on 17 October 2024, and 713,180 fully paid ordinary shares were transferred on 17 April 2025.

These transactions are the only non-cash financing activities relevant to the Company for the current and prior years.

9 Reserves

(a) Reserves

	30 June 2026 $	30 June 2025 $
Investment portfolio revaluation reserve	(2,179,124)	(586,400)
Profits reserve	201,130,444	146,566,435
Total reserves	**198,951,320**	**145,980,035**

9 Reserves (continued)

(b) Investment portfolio revaluation reserve

	For the year ended 30 June 2026 $	For the year ended 30 June 2025 $
Opening balance	(586,400)	732,053
Net realised (losses)/gains on investments taken to equity	(21,753,327)	27,548,399
Income tax credit/(expense) on net realised (losses)/gains on investments taken to equity	6,525,998	(8,264,520)
Net unrealised losses on investments taken to equity	(2,275,320)	(1,883,504)
Deferred tax credit on net unrealised losses on investments taken to equity	682,596	565,051
Transfer to profits reserve	15,227,329	(19,283,879)
Closing balance	**(2,179,124)**	**(586,400)**

(c) Profits reserve

	For the year ended 30 June 2026 $	For the year ended 30 June 2025 $
Opening balance	146,566,435	132,918,270
Transfer from retained earnings	112,153,637	29,855,948
Transfer from investment portfolio revaluation reserve	(15,227,329)	19,283,879
Dividends	(42,362,299)	(35,491,662)
Closing balance	**201,130,444**	**146,566,435**

(d) Dividends

During the year ended 30 June 2026, the Company paid fully franked dividend of 18.5 cents per share to shareholders amounting to a total dividend payment of $42,362,299, of which $2,231,866 was reinvested by shareholders in HM1 shares via the DRP. Refer to Note 8 for details of the DRP.

During the year ended 30 June 2025 the Company paid fully franked dividend of 15.5 cents per share to shareholders amounting to a total dividend repayment of $35,491,662, of which $2,132,408 was reinvested by shareholders in HM1 shares via the DRP. Refer to Note 8 for details of the DRP.

(e) Dividends not recognised at year end

In addition to the above dividends, since the end of the year, the Directors have declared a final fully franked dividend of 10.0 cents per share payable on 15 October 2026. This dividend has not been recognised as a liability at 30 June 2026.

10 Cash and cash equivalents

Cash at the end of the reporting year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	30 June 2026 $	30 June 2025 $
Cash in bank	259,384	1,620,503
Cash at custodian	33,697,390	34,384,623
Total cash and cash equivalents	**33,956,774**	**36,005,126**

The cash at bank, at call and denominated in AUD is held in both interest bearing and non-interest bearing accounts. The cash at custodian, at call and denominated in AUD, United States Dollars ("USD"), Canadian Dollars ("CAD"), Euros ("EUR") and British Pound Sterling ("GBP") is non-interest bearing.

11 Reconciliation of net income for the year to net cash used in operating activities

	For the year ended 30 June 2026 $	For the year ended 30 June 2025 $
Net income for the year	**46,373,555**	**106,818,021**
Fair value gains/(losses) and movements in financial assets at fair value through profit or loss	(73,250,223)	(152,758,233)
Effects of foreign currency exchange rate changes on cash and cash equivalents	3,820,704	(3,802,606)
Change in operating assets and liabilities:		
Increase in other receivables	(139,126)	(1,770)
Decrease in deferred tax assets	–	9,744,087
Increase in current tax liabilities	8,030,434	7,876,414
Increase in donation provision	134,914	1,711,424
Increase in deferred tax liabilities	1,960,135	27,667,671
(Decrease)/increase in other payables	(65,717)	192,015
Net cash used in operating activities	**(13,135,324)**	**(2,552,977)**

12 Basic and diluted earnings per share

	For the year ended 30 June 2026 $	For the year ended 30 June 2025 $
Net income for the year used in the calculation of basic and diluted earnings per share attributable to the ordinary equity holders of the Company	46,373,555	106,818,021

	For the year ended 30 June 2026 $	For the year ended 30 June 2025 $
Basic and diluted earnings per share attributable to the ordinary equity holders of the Company	20.25	46.65

Weighted average number of shares used as denominator

	For the year ended 30 June 2026 No. of shares	For the year ended 30 June 2025 No. of shares
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share attributable to the ordinary equity holders of the Company	228,982,167	228,982,167

At the end of the year, there were no outstanding securities that are potentially dilutive in nature for the Company (2025: None).

13 Financial risk management

The Company's financial instruments consist mainly of cash and cash equivalents, other receivables, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and other payables.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, and equity price risk), credit risk, liquidity risk and other risks. The Board of the Company has implemented a risk management framework to monitor and manage these risks.

Risks are managed in the context of the Company's strategic objectives, the size and complexity of its operations, and the Board's expectations and attitude to risk. The Company has implemented a risk management framework based on the Australian/New Zealand International Standard Organisation 31000:2018 *Risk management – Guidelines*. Details of the Company's risk management framework are available on the Company's website.

13 Financial risk management (continued)

Market risk

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

The investment portfolio is exposed to market risk. The market risk of securities in the Company's investment portfolio can fluctuate as a result of market conditions. The value of the investment portfolio may be impacted by factors such as economic conditions, interest rates, currency exchange rates, regulations, sentiment and geopolitical events as well as environmental, social and technological changes. In addition, as the Company is listed on the ASX, its securities are exposed to market risks. As a result, the security price may trade at a discount or a premium to its net tangible assets.

Currency risk

The Company holds monetary assets denominated in currencies other than the Australian dollar. The Company monitors the exposure on all foreign currency denominated assets and liabilities.

The Company does not hedge against its foreign exchange exposure and consequently the impact of foreign exchange movements is directly reflected in the Statement of Comprehensive Income.

While the Company has direct exposure to foreign exchange rate changes on the value of non-Australian dollar denominated investments, it may also be indirectly affected by the impact of foreign exchange rate changes on the earnings of many of the Company's investments, even if those investments are denominated in Australian dollars. For that reason, the sensitivity analysis below may not necessarily indicate the total effect on the Company's equity of future movements in foreign exchange rates.

The table below summarises the Company's financial assets exposed to foreign currency risk at 30 June 2026 and 30 June 2025:

	30 June 2026 Net currency exposure* %	30 June 2025 Net currency exposure* %
United States Dollar	68	70
Hong Kong Dollar	15	1
Euro	10	8
Canadian Dollar	4	5
Pound Sterling	–	2
Total	**97**	**86**

* As percentage of investment portfolio exposure.

13 Financial risk management (continued)

Market risk (continued)

Currency risk (continued)

Sensitivity

The following tables illustrate the sensitivities of the Company's financial assets to foreign currency risk, assuming a tax rate of 30%. The analysis is based on the assumption that the AUD weakened/strengthened by 10% against the other currencies.

As at 30 June 2026	USD impact AUD	HKD impact AUD	EUR impact AUD	CAD impact AUD	GBP impact AUD
Impact on profit and loss	+/- 38,164,740	+/- 8,685,166	+/- 5,997,037	+/- 2,203,043	+/- –
Impact on other comprehensive income	+/- 2,093,302	+/- –	+/- –	+/- –	+/- –

As at 30 June 2025	USD impact AUD	HKD impact AUD	EUR impact AUD	CAD impact AUD	GBP impact AUD
Impact on profit and loss	+/- 36,623,116	+/- 712,335	+/- 6,051,251	+/- 2,878,097	+/- 1,340,088
Impact on other comprehensive income	+/- 3,784,736	+/- –	+/- –	+/- –	+/- –

Equity price risk

The Company is exposed to equity price risk on its financial assets classified in the Statement of Financial Position as financial assets at FVTPL and financial assets at FVTOCI. There is a risk that securities will fall in value over short or extended periods of time. Equity markets are volatile, and individual share prices may fluctuate and underperform both the broader equity market and other asset classes over extended periods of time. Industry factors as well as factors specific to individual companies (such as earnings shocks, management changes, regulatory issues, product failures and others) can drive valuation changes. The Company's typical investment portfolio comprises 25 to 30 securities, which represents a high level of investment concentration. The lower the number of investments, the higher the concentration and, in turn, the higher the expected volatility. The Company seeks to achieve some diversification by constructing the portfolio based on the stock recommendations provided by a number of fund managers.

Some of the Company's equity price risk arises from its investments in unlisted securities, whose valuation is not directly observed in the form of a listed equity price but is instead derived from factors, some of which are themselves impacted by equity market movements. The Company manages its exposure to equity price risk associated with unlisted securities through constraining the extent of exposure to unlisted securities and through a due diligence process prior to making unlisted investments. Due diligence considers both qualitative and quantitative criteria in the areas of financial performance, business strategy and risk, based on information obtained through the investment manager recommending the stock and from information gathered from external sources. The Company also performs ongoing monitoring procedures primarily through discussions with the underlying investment managers.

13 Financial risk management (continued)

Market risk (continued)

Equity price risk (continued)

Sensitivity

The following table illustrates the effect on the Company's equity from changes in the fair value of financial assets that were considered reasonably possible based on the equity price risk that the Company was exposed to at reporting date, assuming a tax rate of 30%.

	30 June 2026 $	30 June 2025 $
Impacts on total profit and loss		
Change in variable +/- 20%	109,725,186	107,469,094
Change in variable +/- 10%	54,862,593	53,734,547
Change in variable +/- 5%	27,431,297	26,867,273
Impacts on other comprehensive income		
Change in variable +/- 20%	4,186,604	7,569,473
Change in variable +/- 10%	2,093,302	3,784,736
Change in variable +/- 5%	1,046,651	1,892,368

Cash flow and interest rate risk

The Company's interest-bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The tables below summarise the Company's exposure to interest rate risks:

30 June 2026	Interest bearing $	Non-interest bearing $	Total $
Financial assets			
Cash and cash equivalents	67,064	33,889,710	33,956,774
Financial assets at fair value through profit or loss	–	783,751,332	783,751,332
Financial assets at fair value through other comprehensive income	–	29,904,316	29,904,316
Other receivables	–	383,478	383,478
Total financial assets	**67,064**	**847,928,836**	**847,995,900**
Financial liabilities			
Other payables	–	266,298	266,298
Total financial liabilities	**–**	**266,298**	**266,298**

13 Financial risk management (continued)

Market risk (continued)

Cash flow and interest rate risk (continued)

30 June 2025	Interest bearing $	Non-interest bearing $	Total $
Financial assets			
Cash and cash equivalents	–	36,005,126	36,005,126
Financial assets at fair value through profit or loss	–	767,636,384	767,636,384
Financial assets at fair value through other comprehensive income	–	54,067,663	54,067,663
Other receivables	–	244,352	244,352
Total financial assets	**–**	**857,953,525**	**857,953,525**
Financial liabilities			
Other payables	–	332,015	332,015
Total financial liabilities	**–**	**332,015**	**332,015**

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates. At 30 June 2026, if interest rates had increased or decreased by 300 basis points relative to year-end rates, with all other variables held constant, post-tax profit for the year would have varied by $704 (2025: Nil). This variance would reflect an increase in the event of higher rates and a decrease in the event of lower rates, corresponding to the change in interest income earned on cash and cash equivalents.

Interest rate risk also arises from the effects of fluctuations in the prevailing levels of market interest rates on the Company's financial assets at FVTPL and financial assets at FVTOCI. The sensitivity to changes in the value of financial assets at FVTOCI is set out in the equity price risk and currency risk sensitivity tables. The Directors do not consider it meaningful to provide a separate analysis of the sensitivity of the investment portfolio to changes in interest rates.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk primarily arises from cash and cash equivalents, deposits with banks and other financial institutions and other receivables.

The maximum exposure to credit risk at balance sheet date of recognised financial assets is the carrying amount, net of any provisions for expected credit losses of those assets, as disclosed in the Statement of Financial Position.

13 Financial risk management (continued)

Credit risk (continued)

The Company held no collateral as security or any other credit enhancements. None of the assets exposed to a credit risk are overdue or considered to be impaired. HM1 only deals with what it assesses to be creditworthy counterparties. HM1 is satisfied that the counterparties are of sufficient quality and diversity to minimise any individual counterparty risk. Credit risk on cash and cash equivalents is not considered to be a significant risk to the Company.

Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Board and Investment Committee monitor the Company's cash flow requirements in relation to the investment portfolio taking into account dividends, tax payments and investing activity.

The Company's inward cash flows depend on the level of dividend and interest revenue received, investment disposals and capital raising initiatives from time to time. The Company will adjust investments and disposals in order to manage its liquidity. As noted in the discussion on equity price risk, a small part of the portfolio is invested in illiquid unlisted equity securities which are less easy to be disposed. The major cash outflows are investments, donations, general expenditure and future dividends paid to shareholders and the level of these outflows is managed by the Board and Investment Committee. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. A sufficient level of the Company's cash is held at call to meet cash outflows and mitigate liquidity risk. In addition, a significant portion of the investment portfolio is in liquid listed equity securities.

The tables below summarise the maturity profile of the Company's financial assets and financial liabilities based on contractual undiscounted cash flows:

30 June 2026	On demand $	1 to 3 months $	3 to 12 months $	More than 12 months $	No fixed maturity $	Total $
Financial assets						
Cash and cash equivalents	33,956,774	–	–	–	–	33,956,774
Financial assets at fair value through profit or loss	–	–	–	–	783,751,332	783,751,332
Financial assets at fair value through other comprehensive income	–	–	–	–	29,904,316	29,904,316
Other receivables	383,478	–	–	–	–	383,478
Total financial assets	**34,340,252**	**–**	**–**	**–**	**813,655,648**	**847,995,900**
Financial liabilities						
Other payables	266,298	–	–	–	–	266,298
Total financial liabilities	**266,298**	**–**	**–**	**–**	**–**	**266,298**

13 Financial risk management (continued)

Liquidity risk (continued)

30 June 2025	On demand	1 to 3 months	3 to 12 months	More than 12 months	No fixed maturity	Total
	$	$	$	$	$	$
Financial assets						
Cash and cash equivalents	36,005,126	–	–	–	–	36,005,126
Financial assets at fair value through profit or loss	–	–	–	–	767,636,384	767,636,384
Financial assets at fair value through other comprehensive income	–	–	–	–	54,067,663	54,067,663
Other receivables	244,352	–	–	–	–	244,352
Total financial assets	**36,249,478**	**–**	**–**	**–**	**821,704,047**	**857,953,525**
Financial liabilities						
Other payables	332,015	–	–	–	–	332,015
Total financial liabilities	**332,015**	**–**	**–**	**–**	**–**	**332,015**

14 Financial assets

Fair value measurements

(a) Fair value estimation

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset takes place either in the principal market for the asset or, in the absence of a principal market, in the most advantageous market for the asset. The principal or the most advantageous market must be accessible to the Company. The fair value of an asset is measured using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For all other financial instruments not traded in an active market, the fair value is determined using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions, adjusted as necessary, and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted closing price, without any deduction for transaction costs.

14 Financial assets (continued)

Fair value measurements (continued)

(b) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following tables present the Company's assets and liabilities measured and recognised at fair value at:

30 June 2026	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Financial assets at fair value through profit or loss				
Listed equity securities on major exchanges	747,504,240	–	–	747,504,240
Unlisted equity securities	–	–	36,247,092	36,247,092
Financial assets at fair value through other comprehensive income				
Listed equity securities on major exchanges	29,904,316	–	–	29,904,316
Total financial assets at fair value	**777,408,556**	**–**	**36,247,092**	**813,655,648**

30 June 2025	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Financial assets at fair value through profit or loss				
Listed equity securities on major exchanges	710,047,137	–	–	710,047,137
Unlisted equity securities and managed investment schemes	–	19,472,244	38,117,003	57,589,247
Financial assets at fair value through other comprehensive income				
Listed equity securities on major exchanges	54,067,663	–	–	54,067,663
Total financial assets at fair value	**764,114,800**	**19,472,244**	**38,117,003**	**821,704,047**

On 22 August 2025, Corporate Travel Management shares were suspended from trading in the Australian Securities Exchange. This resulted in the transfer of the Company's investment in its listed equity securities from Level 1 to Level 3. There were no transfers between levels for the year ended 30 June 2025.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period. This resulted in zero value being transferred between Level 1 and Level 3 on 30 June 2026, because the Company's holding in Corporate Travel Management was fair valued at zero in November 2025.

14 Financial assets (continued)

Fair value measurements (continued)

(b) Fair value hierarchy (continued)

The carrying amounts of other receivables and other payables are assumed to approximate their fair values due to their short-term nature.

Valuation techniques and key inputs used in Level 2 and Level 3 fair value measurements:

	Fair value as at 30 June 2026 $	Valuation techniques	Unobservable inputs	Range inputs
Recurring fair value measurements				
Financial assets at fair value through profit or loss:				
Unlisted equity securities	36,247,092	Discounted cash flows	Revenue growth rate EBITDA margin	15% 18%

	Fair value as at 30 June 2025 $	Valuation techniques	Unobservable inputs	Range inputs
Recurring fair value measurements				
Financial assets at fair value through profit or loss:				
Unlisted equity securities	38,117,003	Discounted cash flows	N/A	N/A
Unlisted managed investment schemes	19,472,244	Daily unit price	N/A	N/A

(c) Level 2 fair value measurements

The Company's investment in unlisted managed investment schemes ('MIS') pertained to Regal Australia Long Short Equity Fund which is an actively managed fund that takes position in Australian equities. The unlisted MIS is measured at fair value through profit or loss and its valuation methodology is determined based on the daily unit prices provided by the MIS manager. These prices represent the amount at which units can be redeemed on any given business day.

The holding in the Regal Australia Long Short Fund was sold during the year.

As at 30 June 2026, the Company does not hold any unlisted MIS categorised as Level 2 investments.

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14 Financial assets (continued)

Fair value measurements (continued)

(d) Level 3 fair value measurements

The table below shows reconciliation of all movements in the fair value of Level 3 investments:

	30 June 2026 $	30 June 2025 $
Opening balance	38,117,003	20,896,686
Transfer from Level 1*	–	–
Net change in unrealised (losses)/gains	(1,869,911)	17,220,317
Closing balance	36,247,092	38,117,003

* Zero value was transferred between Level 1 and Level 3 because the Company's holding in Corporate Travel Management was fair valued at zero in November 2025.

The net change in unrealised losses on Level 3 investments still held as at year end amounted to $1,869,911 and net change in unrealised gains on Level 3 investments as at year end 30 June 2025 amounted to $17,220,317. These were included in the investment income from ordinary activities section of the Statement of Comprehensive income.

Valuation process for Level 3 investment

The Company holds an investment in an unlisted security which is not quoted in an active market and the inputs for measuring fair value are not based on observable market data. Transactions in such investment do not occur on a regular basis. This investment is valued at fair value and is considered Level 3 in the fair value hierarchy. The methods that the Company uses to determine the fair value include:

- Market approach: fair value is derived by reference to recent transactions in the unlisted security;
- Income approach: such as the discounted projected cash flow method.

The Company has the following control procedures in place to evaluate whether the carrying value of the unlisted security is calculated in a manner consistent with AASB 13 *Fair Value Measurement*:

- Through ongoing monitoring procedures, primarily discussions with the underlying investment fund managers;
- Review of the financial statements, key assumptions and significant judgements used in discounted cash flow models; and
- Review of detailed valuation models.

Due to the inherent uncertainty of the valuation of the unlisted security, the values used and the methodologies and assumptions adopted in the valuation may differ significantly from the values that would have been used had a ready market for the investment existed. These values may need to be revised as circumstances change and material adjustments may still arise as a result of revaluation of the unquoted investments fair value within the next financial period.

14 Financial assets (continued)

Fair value measurements (continued)

(d) Level 3 fair value measurements (continued)

Valuation process for Level 3 investment (continued)

The fair value of the Company's unlisted equity security has been determined using an income approach. During the year ended 30 June 2026, if the discount rate on fair value moved by -1%/+1%, the impact on valuation would be an increase of $5,934,387 and a decrease of $4,585,134, respectively (2025: None).

The Company also holds an investment in a company which has been suspended from trade on the Australian Securities Exchange since August 2025 and the inputs for measuring fair value are not based on observable market data. This investment is valued at fair value and is considered Level 3 in the fair value hierarchy. Given the length of the suspension, the uncertainty around the ongoing business and the likelihood of fines and penalties, the fair value has been set at zero. If the company were to recommence trading at the last-traded price, the impact on valuation would be +$20.1 million.

15 Segment information

The Company is solely engaged in investment activities, deriving revenue from dividend income, interest income and from the sale of its investments. It has no reportable business or geographical segments.

The Company's investments are listed equity securities on major exchanges other than one unlisted security as set out in Note 14. The split of the Company's investments by the country of listing is set out below.

Country of Listing	30 June 2026 %	30 June 2025 %
United States	65	70
Hong Kong	15	1
Germany	8	8
Taiwan	4	–
Australia	3	14
Finland	3	–
Canada	2	5
United Kingdom	–	2
	100	**100**

15 Segment information (continued)

The Company operates in one operating segment, being investment in listed and unlisted equities. Dividend income from external sources, based on the country of listing of the entities from which dividend is derived, is as follows:

	30 June 2026 $	30 June 2025 $
Australia	2,535,198	4,693,369
Foreign	7,349,432	3,882,233
Dividend income	**9,884,630**	**8,575,602**

16 Key management personnel compensation

The names and positions held of the Company's key management personnel ('KMP') (including Directors in office at any time during the year ended 30 June 2026) are:

Christopher Cuffe AO	Chair and Independent Director
Lorraine Berends AM	Independent Director
Guy Fowler OAM	Independent Director
Matthew Grounds AM	Independent Director
Michael Traill AM	Independent Director
Gary Weiss AM	Independent Director
Geoffrey Wilson AO	Independent Director
David Wright	Independent Director
Richard Howes	Managing Director
Charlie Lanchester	Chief Investment Officer

Remuneration

Key management personnel ('KMP') include the Directors, the Managing Director and the Chief Investment Officer. Directors have agreed to waive their Directors' fees on an ongoing basis. For the year ended 30 June 2026, no Directors' fees were paid by the Company. The remuneration of the Managing Director and the Chief Investment Officer is based on the scope and responsibilities of their roles. The Board determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced candidates to these roles. The remuneration of the Managing Director and the Chief Investment Officer is set out below. The Chief Investment Officer is employed under a standard employment contract with a three-month notice period. The Managing Director is retained via a services company under a services agreement with a 90-day notice period. The remuneration of the Managing Director and the Chief Investment Officer is fixed and does not include securities or options in the Company and no element of the remuneration is tied to Company performance. The Chief Investment Officer is not provided with retirement benefits apart from statutory superannuation. The Managing Director does not receive retirement benefits or superannuation.

16 Key management personnel compensation (continued)

Remuneration (continued)

	Short-term fixed remuneration $	Termination benefits $	Post-employment benefits superannuation $	Total remuneration $
Total KMP remuneration paid year ended 30 June 2026	462,500	–	25,500	488,000
Total KMP remuneration paid year ended 30 June 2025	655,157	370,775	66,421	1,092,353

17 Related party transactions

All transactions with related entities were made on normal commercial terms and at market rates, except as noted below.

Investment and management fees

All participating fund managers provide investment management services to the Company at no cost. A proportion of donation payments paid by the Company are paid to medical research organisations nominated by the participating fund managers.

The Company Secretary is an employee of Boardroom Pty Limited. Boardroom Pty Limited provides company secretarial services to the Company. The Company holds professional indemnity insurance to her benefit.

Matthew Grounds is Chair of Victor Chang Cardiac Research Institute which is a designated medical research beneficiary of Hearts and Minds Investments Limited. The Company donated $4,961,966 to Victor Chang Cardiac Research Institute for the year ended 30 June 2026 (2025: $4,501,788).

Gary Weiss is a Non-Executive Director of Victor Chang Cardiac Research Institute which is a designated medical research beneficiary of Hearts and Minds Investments Limited. The Company donated $4,961,966 to Victor Chang Cardiac Research Institute for the year ended 30 June 2026 (2025: $4,501,788).

Michael Traill was Chair of Paul Ramsay Foundation until 30 June 2026. Paul Ramsay Foundation held 4,270,106 shares in HM1 on 30 June 2026 (2025: 4,270,106).

Directors' fees

The Directors have agreed to waive any right to be paid director fees (see Note 16).

18 Commitments and contingencies

The Company had no material contingent liabilities or commitments as at 30 June 2026 (2025: Nil).

19 Events occurring after the reporting year

The Company has declared an increased final fully franked dividend of 10.0 cents per share payable in October 2026.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Consolidated Entity Disclosure Statement

The Company is not required to prepare consolidated financial statements by Australian Accounting Standards. Accordingly, in accordance with subsection 295(3A) of the *Corporations Act 2001*, no further information is required to be disclosed in this consolidated entity disclosure statement.

Directors' Declaration

In accordance with a resolution of the Directors of Hearts and Minds Investments Limited (the 'Company'), the Directors of the Company declare that:

(a) The financial report as set out in pages 33 to 62 and the additional disclosures included in the Directors' Report designated as 'Remuneration Report (Audited)', as set out on pages 26 to 28, are in accordance with the *Corporations Act 2001*, including:

(i) complying with Australian Accounting Standards, which, as stated in Note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the financial position of the Company as at 30 June 2026 and of its performance, as represented by the results of the operations and the cash flows, for the year ended on that date.

(b) At the date of this declaration, in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) The Directors have been given the declaration required by section 295A of the *Corporations Act 2001* from the person who performs the Chief Executive Officer and Chief Financial Officer functions, for the purpose of the *Corporations Act 2001*.

(d) The consolidated entity disclosure statement required by subsection 295(3A) of the *Corporations Act 2001* is true and correct.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

Christopher Cuffe AO
Chair and Independent Director

Sydney
26 August 2026

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Independent Auditor's Report
To the Members of Hearts and Minds Investments Limited
ABN 61 628 753 220

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Hearts and Minds Investments Limited ("the Company"), which comprises the statement of financial position as at 30 June 2026, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information, the consolidated entity disclosure statement, and the Directors' declaration.

In our opinion, the accompanying financial report of Hearts and Minds Investments Limited is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Company's financial position as at 30 June 2026 and of its financial performance for the year then ended; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional and Ethical Standards Board ("the Code") that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PITCHER PARTNERS

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	***How our audit addressed the matter***
Existence and Valuation of Financial Assets ***Refer to Note 14: Financial Assets***	
We focused our audit effort on the existence and valuation of the Company's financial assets as they represent the most significant driver of the Company's Net Tangible Assets and Profit. In accordance with Australian Accounting Standards, these investments are disclosed as either "Level 1" (i.e. where the fair value is based on quoted prices in active markets) or "Level 3" (i.e. where key inputs to fair value are based on unobservable inputs). The Company's investments consist of both listed and unlisted securities. Investments are valued by multiplying the quantity held by the respective quoted market price or estimated fair value per security for unlisted investments.	Our audit procedures included the following: • Obtained an understanding of and evaluated the design and implementation of the investment management processes and controls; • Reviewed and evaluated the independent auditor's report on the design and operating effectiveness of internal controls (ASAE 3402 *Assurance Reports on Controls at a Service Organisation*) for the Administrator and Custodian; • Made enquiries as to whether there have been any changes to these controls or their effectiveness from the periods to which the auditor's report relate to and obtained a bridging letter; • Obtained confirmation of the investment holdings directly from the Custodian or alternatively directly with the investee; • Assessed and recalculated the Company's valuation of individual Level 1 investment holdings using independent observable pricing sources and inputs; • Assessed the fair value adopted by management and any other relevant supporting information, for material Level 3 investments where there were limited or no observable inputs; and • Assessed the adequacy of disclosures in the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 30 June 2026, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and

for such internal controls as the Directors determine is necessary to enable the preparation of:

i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 this financial report.

PITCHER PARTNERS

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PITCHER PARTNERS

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 26 to 28 of the Directors' Report for the year ended 30 June 2026. In our opinion, the Remuneration Report of Hearts and Minds Investments Limited, for the year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

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 responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

R. King

Pitcher Partners

Richard King
Partner

Pitcher Partners
Sydney

26 August 2026

Additional Securities Exchange Information

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information is current as at 14 August 2026.

Corporate Governance Statement

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed and provides reasons for not following such Recommendations ('Corporate Governance Statement').

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on HM1's website (www.heartsandmindsinvestments.com.au) and will be lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX.

Number of Holdings of Equity Securities

As at the Reporting Date, the number of holders in each class of equity securities on issue in HM1 is as follows:

Security type	No. of securities	No. of shareholders
Fully Paid Ordinary Shares	228,982,167	7,833

Voting Rights of Equity Securities

The only class of equity securities on issue in the Company which carry voting rights is ordinary shares.

At a general meeting of the Company, every holder of ordinary shares present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each ordinary share held. On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each fully paid share held and in respect of each partly paid share, is entitled to a fraction of a vote equivalent to the proportion which the amount paid up (not credited) on that partly paid share bears to the total amounts paid and payable (excluding amounts credited) on that share. Amounts paid in advance of a call are ignored when calculating the proportion.

Distribution of Holders of Ordinary Shares

	Class of Ordinary Shares		
	Total holders	**Units**	**% Units**
1-1,000	1,238	530,638	0.232
1,001-5,000	2,158	6,010,243	2.625
5,001-10,000	1,496	11,666,307	5.095
10,001-100,000	2,746	73,520,389	32.107
100,001-9,999,999,999	195	137,254,590	59.941
Totals:	**7,833**	**228,982,167**	**100.000**

Unmarketable Parcels

The number of holders of less than a marketable parcel of ordinary shares is as follows:

Unmarketable Parcels as at 14 August 2026	Minimum parcel size	Holders	Units
Minimum $500.00 parcel at $3.29 per unit	163	241	15,087

Substantial Holders

The number of shares held by substantial shareholders and their associates, as stated on their most recent Substantial Shareholder notice, are set out below:

Shareholder	Number of Shares	% of Shares on Issue
Saba Capital Management GP, LLC*	20,741,756	9.058%

*	Notice released to ASX on 25 June 2024

Twenty Largest Holders of Quoted Equity Securities

The Company only has one class of quoted securities, being ordinary shares. The names of the 20 largest holders of ordinary shares, the number of ordinary shares and the percentage of capital held by each holder as at the Reporting Date, is as follows:

Shareholder name	Shares held	% Held
HSBC Custody Nominees (Australia) Limited	20,754,049	9.064%
Citicorp Nominees Pty Limited	14,106,103	6.160%
BNP Paribas Nominees Pty Ltd <Cowen and Co LLC>	11,594,959	5.064%
Charles & Cornelia Goode Foundation Pty Ltd <CCG Foundation A/C>	8,165,626	3.566%
JP Morgan Nominees Australia Pty Limited	8,159,389	3.563%
BNP Paribas Noms Pty Ltd	7,268,293	3.174%
Netwealth Investments Limited <Wrap Services A/C>	6,921,152	3.023%
Koll Pty Ltd <No 1 Account>	4,443,750	1.941%
BNP Paribas Nominees Pty Ltd <Hub24 Custodial Serv Ltd>	2,410,155	1.053%
Associated World Investments Pty Ltd	2,250,000	0.983%
Skip Enterprises Pty Limited <Farquhar A/C>	2,250,000	0.983%
Jane Hansen Super Pty Ltd <Jane Hansen Super Fund A/C>	2,200,228	0.961%
The Ian Potter Foundation Ltd <No 1 A/C>	1,800,000	0.786%
Wilson Foundation Pty Ltd <Wilson Foundation A/C>	1,687,500	0.737%
Morgan Stanley Australia Securities (Nominee) Pty Limited <No 1 Account>	1,629,475	0.712%
Australian Philanthropic Services Foundation Pty Ltd <APS Foundation A/C>	1,100,000	0.480%
Mightyboy Pty Ltd	981,858	0.429%
Kennbros Pty Limited	906,260	0.396%
IOOF Investment Services Limited <IOOF IDPS A/C>	904,828	0.395%
Sortie Pty Limited <Sortie Super Fund A/C>	883,558	0.386%
Total number of shares of Top 20 Holders:	**100,417,183**	**43.856%**
Total Securities:	**228,982,167**	**100.000%**

Unquoted Equity Securities

There are no unquoted equity securities.

Company Secretary

The Company Secretary is Ms. Natalie Climo.

Registered Office

The address and telephone number of the Company's registered office is:

Level 8, 210 George Street
Sydney NSW 2000

Telephone: +61 2 9290 9600

Share Registry

The address and telephone number of the Company's share registry, Boardroom Pty Limited is:

Boardroom Pty Limited
Level 8, 210 George Street
Sydney NSW 2000
Phone No: +61 2 9290 9600

Stock Exchange Listing

The Company's ordinary shares are quoted on the Australian Securities Exchange (ASX issuer code: HM1).

Other Information

There are no issues of securities approved for the purpose of Item 7 of Section 611 of the *Corporations Act 2001* which have not yet been completed. No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire.