

Hearts and Minds Investments Limited ('HM1')

ABN 61 628 753 220

Financial Report

Results for Announcement to the Market for the Half-Year Ended 31 December 2025

	Change	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Total net investment income	(90)%	13,625	137,515
Profit/(loss) from ordinary activities after tax	(95)%	4,480	91,947
Total comprehensive income/(loss) net of tax	(97)%	2,954	115,290

Net Tangible Assets (NTA) Per Ordinary Share

	31 Dec 2025	31 Dec 2024
Pre-tax NTA per ordinary share	\$3.60	\$3.73
Net tax benefit/(liability) per ordinary share	(\$0.24)	(\$0.26)
Post-tax NTA per ordinary share	\$3.36	\$3.47

Dividends

The Directors of HM1 have declared an interim fully franked dividend of 9.5 cents per share payable on 16 April 2026. A final fully franked dividend of 9.0 cents per share was paid on 16 October 2025.

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 acquired under the on market acquisition provisions of the DRP.

	Cents per Ordinary share	Franking %
Dividend per ordinary share	9.5	100%
Dividend dates:		
Ex-dividend date:		25 February 2026
Record date:		26 February 2026
DRP election date:		11 March 2026
Payment date:		16 April 2026

Brief Explanation of Results:

For the half-year ended 31 December 2025, Hearts and Minds Investments Limited ('HM1' or the 'Company') reported a total comprehensive income after tax of \$3.0 million (half-year 2024: total comprehensive income after tax of \$115.3 million). As a listed investment company, HM1's returns are driven by the change in value of its investment portfolio. For the half-year ended 31 December 2025, the value of the portfolio was largely flat, with investment performance after expenses and before all taxes of 0.4% (half-year 2024: investment performance after expenses and before all taxes of 23.6%).

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 the half-year to 31 December 2025, the Company paid \$5.4 million in funding to medical research and increased its accrual for future donations by \$0.6 million from \$8.2 million to \$8.8 million.

This report is based on the Financial Report for the half-year ended 31 December 2025 which has been subject to independent review by Pitcher Partners Sydney. All the documents comprise the information required by Listing Rule 4.2A. The information should be read in conjunction with the 30 June 2025 Annual Report.

Hearts and Minds
Investments Limited

Financial Report

For the half-year ended
31 December 2025

ACN 628 753 220

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Corporate Directory

Directors	Christopher Cuffe AO Lorraine Berends AM Guy Fowler OAM Matthew Grounds AM Michael Traill AM Gary Weiss AM Geoffrey Wilson AO David Wright Richard Howes	Chair and Independent Director Independent Director Independent Director Independent Director Independent Director Independent Director Independent Director Independent Director Managing Director
Company Secretary	Eryl Baron (resigned on 26 November 2025) Natalie Climo (appointed on 26 November 2025)	
Investment Committee	Lorraine Berends AM David Wright Christopher Cuffe AO Matthew Grounds AM Brett Paton Richard Howes	Chair
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 Ampfield Management Antipodes Partners JO Hambro Capital Management Life Cycle Investment Partners	Marathon Resource Advisors Munro Partners Square Peg Stillpoint Investments 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) 9021 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	

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 financial report for the half-year ended 31 December 2025. Comparative figures shown below are for the half-year ended 31 December 2024.

Directors

The following persons were Directors of the Company during the half-year ended 31 December 2025 and up to the date of this report:

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

Investment Objective and Principal Activity

HM1 is a listed investment company that was established in 2018 with the combined objective of providing a concentrated portfolio of the highest conviction global equities recommendations of selected fund managers, while also supporting Australian medical research organisations. It was born out of the investment and philanthropic vision of the Sohn Hearts & Minds Investment Leaders Conference.

HM1 seeks to provide shareholders with a compelling and attractive investment proposition by creating a concentrated portfolio of Australian and international securities based on the highest conviction ideas from two groups of fund managers.

- HM1 has allocated 35% of its investment portfolio based on the annual recommendations of fund managers who present at the Sohn Hearts & Minds Investment Leaders Conference (known as the Conference Fund Managers).
- HM1 has allocated 65% of its investment portfolio based on the highest conviction ideas of five respected fund managers (known as the Core Fund Managers). The Core Fund Managers are Caledonia (Private) Investments, Magellan Investment Partners, Munro Partners, Prusik Investment Management LLP and TDM Growth Partners.

No change in this activity took place during the half-year or is likely in the future.

Operating and Financial Review

For the half-year ended 31 December 2025, the Company reported a total comprehensive income after tax of \$3.0 million (half-year 2024: total comprehensive income after tax of \$115.3 million). As a listed investment company, HM1's returns are driven by the change in value of its investment portfolio. For the half-year ended 31 December 2025, the value of the portfolio was largely flat, with investment performance after expenses and before all taxes of 0.4% (half-year 2024: investment performance after expenses and before all taxes of 23.6%).

The result for the half-year reflects mixed performance with both positive and negative returns on different holdings, including writing Corporate Travel Management to zero following its suspension from trading and negative market update. On a pre-tax basis, investment returns less the payment and provision for donations and expenses drove a 0.5% increase in pre-tax NTA. After the provision for tax, post-tax NTA increased by 0.4% over the half-year, prior to the payment of the final fully franked dividend of 9.0 cents per share in October 2025. After the payment of the final dividend, post-tax NTA decreased from \$3.44 per share to \$3.36 per share, a decrease of 2.3%.

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.

Dividends

HM1 provides shareholders with exposure to a concentrated portfolio of global 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.

A final fully franked dividend of 9.0 cents per share was paid to shareholders on 16 October 2025. The Board is pleased to announce that the next interim fully franked dividend of 9.5 cents per share will be paid on 16 April 2026.

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 growth of the investment portfolio on a pre-tax basis and after the payment of all expenses, including the donation payments and provisions. Our investment comparator, the MSCI World Accumulation Index (AUD), is also measured before taxes. Our investment performance compared to this comparator is reported to shareholders monthly.
2. Net tangible asset ('NTA') growth, which 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-tax and post-tax NTA per share of the Company are reported to shareholders on a weekly basis.
3. Total shareholder return, which measures the total return to shareholders from share price growth and dividends paid.

Each of these is discussed below in more detail.

1. Investment Portfolio Performance

Performance to 31 December 2025	6 Months	1 Year	3 Years per annum	Since Inception¹ per annum
HM1 investment portfolio performance	0.4%	2.0%	14.7%	10.8%
MSCI World Accumulation Index (AUD)	9.2%	12.7%	22.6%	15.2%

HM1 Investment Performance is calculated after expenses and before all taxes. The comparator is the MSCI World Accumulation Index in AUD, gross of withholding tax.

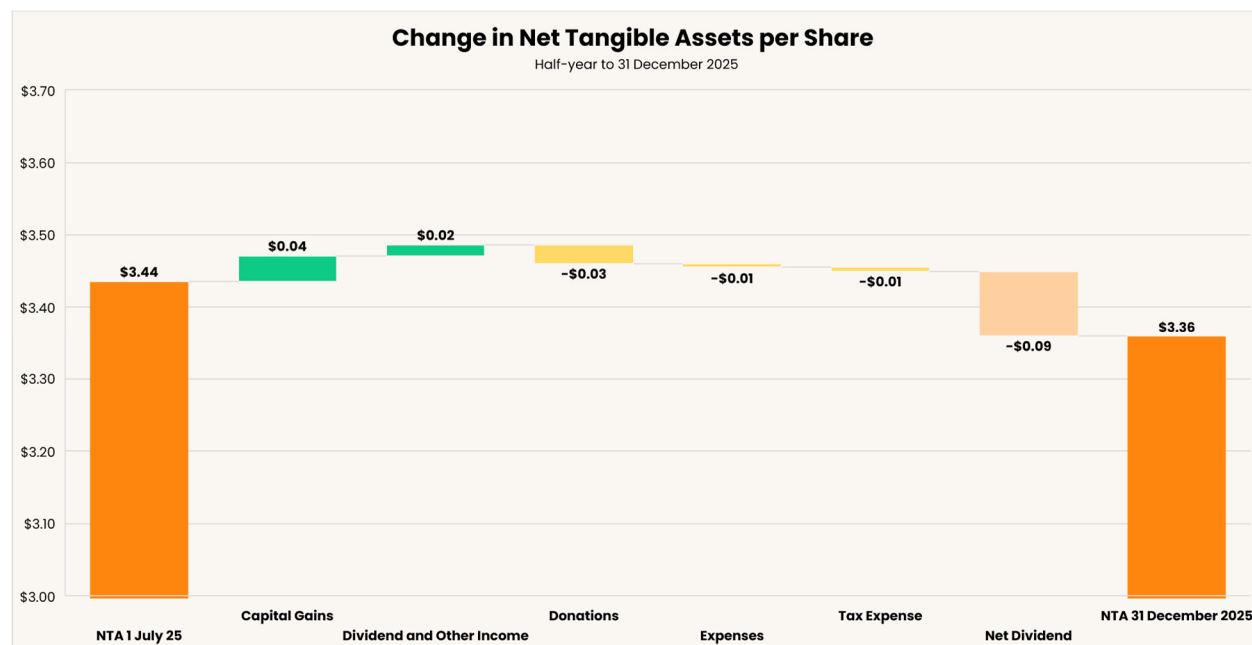
1. Inception was 14 November 2018.

The HM1 investment portfolio remained flat over the six months despite continued buoyant global markets. The pre-tax investment return, less expenses and donation provision, was 0.4% for the six months to 31 December 2025. Despite some strong gains in Cameco and Taiwan Semiconductor Manufacturing Company, the portfolio underperformed with Block, Guzman Y Gomez and Zillow Group producing negative returns over the 6-month period. The portfolio return also included the impact of writing down the value of Corporate Travel Management. HM1 has a holding of 1,251,663 shares in Corporate Travel Management which has been suspended from trade since 22 August 2025. In the absence of an observable market price, we have adopted a carrying value of zero reflecting the negative outlook for the business. HM1 expects the holding to realise value over time but will adopt this valuation approach in the absence of a traded market.

The flat performance of the investment portfolio has marginally reduced our investment returns since inception to 10.8% per annum.

2. Change in Net Tangible Assets (NTA)

The following chart shows the components of the change in post-tax NTA per share over the half-year to 31 December 2025. On a pre-tax basis, investment returns less the payment and provision for donations and expenses drove a 0.5% increase in pre-tax NTA. After the provision for tax and prior to the payment of the interim dividend, the post-tax NTA increased by 0.4% over the half-year. A final fully franked dividend of 9.0 cents per share was paid on 16 October 2025. After the payment of the final dividend, post-tax NTA decreased from \$3.44 per share to \$3.36 per share, a decrease of 2.3%. The NTA on 31 December 2025 does not include the value of franking credits that have been generated on tax paid.



3. Total Shareholder Return

Total shareholder return measures the change in the HM1 share price plus dividends paid. HM1's share price increased 4.9% over the half-year from \$3.04 on 30 June 2025 to \$3.19 on 31 December 2025. In addition, HM1 paid a fully franked dividend of 9.0 cents per share during the half-year amounting to a total shareholder return for the six months of 7.9%. Since inception, HM1 has paid fully franked dividends amounting to a total of 77.5 cents per share to shareholders. The notional value of a \$10,000 invested in HM1 shares from the date of listing, assuming the reinvestment of dividends, would be \$17,025 on 31 December 2025, an increase of 70.3% or 7.7% per annum. The share price of \$3.19 on 31 December 2025 represented a 5% discount to the post-tax NTA per share of HM1 of \$3.36 (11% discount to the pre-tax NTA per share of HM1 of \$3.60).

Medical Research

In line with its philanthropic objective, HM1 provides financial support to leading Australian medical research organisations to help the development of new medicines and treatments and drive a new generation of medical research in Australia. HM1 and its participating fund managers and service providers forego any fees and instead an amount equivalent to 1.5% of net tangible assets per annum is donated to designated charities.

In the half-year to 31 December 2025 the Company paid \$5.4 million in donations and increased its accrual for future donations by \$0.6 million from \$8.2 million to \$8.8 million.

We would like to thank our participating fund managers and service providers for their outstanding and continued generosity since listing.

Corporate Tax Rate

The Company is taxed at the corporate rate of 30.0% The Company maintains a franking account and may declare franked dividends to shareholders.

Significant Changes in State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the period other than disclosed in the report and the Company's announcements to the ASX.

Subsequent Events

Since the end of the half-year, the Directors have declared an interim fully franked dividend of 9.5 cents per share payable on 16 April 2026. In the latest release to the ASX, the Company reported a NTA per share as of 6 February 2026, as follows:

Net Tangible Assets per Share	6 Feb 2026	31 Dec 2025
Pre-tax NTA per ordinary share	\$3.53	\$3.60
Post-tax NTA per ordinary share	\$3.31	\$3.36

Auditors Independence Declaration

A copy of the Auditor's independence declaration as required under Section 307C of the Corporations Act 2001 in relation to the review for the half-year is set out on page 7 of this Financial Report.

Rounding of Amounts to Nearest Dollar

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the Directors' Report and Interim Financial Report have been rounded to the nearest dollar, unless otherwise indicated.

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'Chris Cuffe', is positioned above the printed name and title.

Christopher Cuffe AO
Chair and Independent Director

Sydney
18 February 2026

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

In relation to the independent auditor's review of Hearts and Minds Investments Limited for the half year ended 31 December 2025, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

**Richard King**
Partner**Pitcher Partners**
Sydney

18 February 2026

		For the half-year ended 31 December 2025 \$	For the half-year ended 31 December 2024 \$
	Note		
Investment earnings from ordinary activities			
Net realised gains on financial assets at fair value through profit or loss		79,150,549	29,496,537
Net unrealised (losses)/gains on financial assets at fair value through profit or loss		(69,453,906)	97,948,190
Net realised losses on foreign exchange transactions		(1,106,776)	(5,407,244)
Net unrealised (losses)/gains on foreign exchange transactions		(420,208)	9,344,042
Dividend income		5,451,227	5,876,316
Interest income		4,089	–
Other income		–	256,930
Total investment income		13,624,975	137,514,771
Expenses			
Donations	3	(6,043,372)	(5,551,530)
Employee costs		(599,731)	(495,238)
Other expenses		(578,390)	(358,036)
Total expenses		(7,221,493)	(6,404,804)
Income before income tax		6,403,482	131,109,967
Income tax expense		(1,923,288)	(39,163,020)
Net income for the period		4,480,194	91,946,947
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Net realised gains on investments taken to equity, net of tax		–	9,060,521
Net unrealised (losses)/gains on investments taken to equity, net of tax		(1,525,824)	14,282,333
Net realised and unrealised (losses)/gains on investments taken to equity, net of tax		(1,525,824)	23,342,854
Other comprehensive (loss)/income for the period, net of tax		(1,525,824)	23,342,854
Total comprehensive income for the period		2,954,370	115,289,801
		Cents	Cents
Earnings per share attributable to the ordinary equity holders of the Company:			
Basic and diluted earnings per share		1.96	40.15

The accompanying notes form part of these half-year financial statements.

	Notes	31 December 2025 \$	30 June 2025 \$
Assets			
Current assets			
Cash and cash equivalents		43,531,602	36,005,126
Financial assets at fair value through profit or loss	7	738,395,783	767,636,384
Other receivables		329,382	244,352
Total current assets		782,256,767	803,885,862
Non-current assets			
Financial assets at fair value through other comprehensive income	7	51,887,916	54,067,663
Deferred tax assets		2,681,189	–
Total non-current assets		54,569,105	54,067,663
Total assets		836,825,872	857,953,525
Liabilities			
Current liabilities			
Current tax liabilities		22,752,982	7,876,414
Donation provision	3	8,771,316	8,155,264
Other payables		168,981	332,015
Total current liabilities		31,693,279	16,363,693
Non-current liabilities			
Deferred tax liabilities		36,087,528	54,890,543
Total non-current liabilities		36,087,528	54,890,543
Total liabilities		67,780,807	71,254,236
Net assets		769,045,065	786,699,289
Equity			
Share capital	5	574,939,172	574,939,172
Reserves	6	194,105,893	145,980,035
Retained earnings		–	65,780,082
Total equity		769,045,065	786,699,289

The accompanying notes form part of these half-year 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 period	–	–	–	91,946,947	91,946,947
Other comprehensive income, net of tax	–	23,342,854	–	–	23,342,854
Transfer to profits reserve	–	(9,060,521)	25,902,906	(16,842,385)	–
Transactions with equity holders in their capacity as owners:					
Dividends	–	–	(17,173,424)	–	(17,173,424)
Balance at 31 December 2024	574,939,172	15,014,386	141,647,752	63,922,571	795,523,881
Balance at 1 July 2025	574,939,172	(586,400)	146,566,435	65,780,082	786,699,289
Net income for the period	–	–	–	4,480,194	4,480,194
Other comprehensive income, net of tax	–	(1,525,824)	–	–	(1,525,824)
Transfer to profits reserve	–	–	70,260,276	(70,260,276)	–
6(c)					
Transactions with equity holders in their capacity as owners:					
Dividends	–	–	(20,608,594)	–	(20,608,594)
6(d)					
Balance at 31 December 2025	574,939,172	(2,112,224)	196,218,117	–	769,045,065

The accompanying notes form part of these half-year financial statements.

		For the half-year ended 31 December 2025 \$	For the half-year ended 31 December 2024 \$
	Note		
Cash flows from operating activities			
Dividends received		5,309,783	6,022,866
Interest received		4,089	—
Other income received		56,414	—
Donations paid		(5,427,320)	(4,509,482)
Payments for other expenses		(1,341,155)	(823,274)
Income tax paid		(7,877,000)	—
Net cash (used in)/provided by operating activities		(9,275,189)	690,110
Cash flows from investing activities			
Proceeds from sales of investments		414,667,098	265,478,627
Payments for purchases of investments		(375,729,855)	(262,902,567)
Net cash provided by investing activities		38,937,243	2,576,060
Cash flows from financing activities			
Dividends paid	6(d)	(20,608,594)	(17,173,424)
Net cash used in financing activities		(20,608,594)	(17,173,424)
Net increase/(decrease) in cash and cash equivalents		9,053,460	(13,907,254)
Cash and cash equivalents at the beginning of the period		36,005,126	65,924,833
Effect of foreign currency exchange rate changes on cash and cash equivalents		(1,526,984)	3,936,798
Cash and cash equivalents at end of the period		43,531,602	55,954,377
Non-cash financing activities			
Dividend reinvestment plan	6(d)	2,115,244	5,312,280

The accompanying notes form part of these half-year financial statements.

1 General information

The half-year financial statements of the Company are for the half-year ended 31 December 2025.

The half-year financial statements were authorised for issue on 18 February 2026 by the Board of Directors.

2 Summary of material accounting policies

Basis of preparation

These general purpose financial statements for the half-year ended 31 December 2025 have been prepared in accordance with Australian Accounting Standards Board ('AASB') 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2025 and any public announcements made by the Company during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The material accounting policies adopted are consistent with those of the 30 June 2025 financial statements.

In accordance with ASIC Corporations (*Rounding in Financial/Directors' Report*) Instrument 2016/191, the amounts in the half-year 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 period and there was no material impact on adoption.

3 Donations

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 for the previous half-year and roughly equivalent to the value of the investment management fees foregone by participating fund managers. The donations accrue monthly and will vary month-to-month in proportion to the net tangible asset value. The accrual of the donation amount each month increases expenses and decreases the Company's net tangible assets.

4 Dividend franking account

	For the half-year ended 31 December 2025 \$	For the year ended 30 June 2025 \$
Opening balance	26,058,949	41,288,184
Franking credits on dividend received	67,500	–
Franking credits on dividends paid	(8,832,254)	(15,210,712)
Tax paid/(received) during the period/year	7,877,000	(18,523)
Closing balance of franking account	25,171,195	26,058,949
Franking credits on dividends receivable	–	16,132
Franking credits on tax payable	22,752,982	7,876,414
Franking credits available for use in subsequent reporting periods	47,924,177	33,951,495

5 Share capital

(a) Issued capital

	31 December 2025 No. of shares	31 December 2025 \$
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 movement in the share capital of the Company for the half-year ended 31 December 2025 and for the year ended 30 June 2025.

6 Reserves

(a) Reserves

	31 December 2025 \$	30 June 2025 \$
Investment portfolio revaluation reserve	(2,112,224)	(586,400)
Profits reserve	196,218,117	146,566,435
Total reserves	194,105,893	145,980,035

(b) Investment portfolio revaluation reserve

	For the half-year ended 31 December 2025 \$	For the year ended 30 June 2025 \$
Opening balance	(586,400)	732,053
Net realised gains on investments taken to equity	–	27,548,399
Income tax expense on net realised gains on investments taken to equity	–	(8,264,520)
Net unrealised losses on investments taken to equity	(2,179,749)	(1,883,504)
Deferred income tax credit on net unrealised losses on investments taken to equity	653,925	565,051
Transfer to profits reserve	–	(19,283,879)
Closing balance	(2,112,224)	(586,400)

6 Reserves (continued)

(c) Profits reserve

	For the half-year ended 31 December 2025 \$	For the year ended 30 June 2025 \$
Opening balance	146,566,435	132,918,270
Transfer from retained earnings	70,260,276	29,855,948
Transfer from investment portfolio revaluation reserve	–	19,283,879
Dividends paid	(20,608,594)	(35,491,662)
Closing balance	196,218,117	146,566,435

(d) Dividends

During the half-year ended 31 December 2025, the Company paid a final fully franked dividend of 9.0 cents per share to shareholders amounting to a total dividend payment of \$20,608,594, of which \$2,115,244 was reinvested by shareholders in HM1 shares via the Dividend Reinvestment Plan ('DRP'). On 16 October 2025, 612,652 fully paid shares were acquired on market and transferred to shareholders pursuant to the DRP.

During the year ended 30 June 2025, the Company paid a fully franked dividend of 15.5 cents per share to shareholders amounting to a total dividend payment of \$35,491,662, of which \$3,524,039 was reinvested by shareholders in HM1 shares via the DRP.

(e) Dividends not recognised at year end

In addition to the above dividends, since the end of the half-year the Directors have declared an interim fully franked dividend of 9.5 cents per share payable on 16 April 2026. This dividend has not been recognised as a liability at 31 December 2025.

7 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.

7 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 represent the Company's assets and liabilities measured and recognised at fair value at:

31 December 2025	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss				
Listed equity securities on major exchanges	700,807,111	—	—	700,807,111
Unlisted equity securities	—	—	37,588,672	37,588,672
Financial assets at fair value through other comprehensive income				
Listed equity securities on major exchanges	51,887,916	—	—	51,887,916
Total financial assets at fair value	752,695,027	—	37,588,672	790,283,699
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	—	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 31 December 2025, because the Company's holding in Corporate Travel Management was written down to zero in November 2025.

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

7 Financial assets (continued)

Fair value measurements (continued)

(b) Fair value hierarchy (continued)

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

	Fair value as at 31 December 2025 \$	Valuation techniques	Unobservable inputs	Range inputs
Recurring fair value measurements				
<i>Financial assets at fair value through profit or loss:</i>				
Unlisted equity securities	<u>37,588,672</u>	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				
<i>Financial assets at fair value through profit or loss:</i>				
Unlisted equity securities	<u>38,117,003</u>	Discounted cash flows	N/A	N/A
Unlisted managed investment schemes	<u>19,472,244</u>	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 divested during the period.

As at 31 December 2025, the Company does not hold any unlisted MIS categorised as Level 2 investments.

7 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:

	31 December 2025 \$	30 June 2025 \$
Opening balance	38,117,003	20,896,686
Transfer from Level 1*	—	—
Net change in unrealised (losses)/gains	<u>(528,331)</u>	<u>17,220,317</u>
Closing balance	<u>37,588,672</u>	<u>38,117,003</u>

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

The net change in unrealised losses on Level 3 investments still held as at half-year ended 31 December 2025 amounted to \$528,331 and the net change in unrealised gains on Level 3 investments as at year end 30 June 2025 amounted to \$17,220,317. These are included in the investment income from ordinary activities section of the Statement of Comprehensive Income.

Valuation process for Level 3 investments

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 investments 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; and
- 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 securities 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.

8 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.

8 Segment information (continued)

The Company's investments are listed equity securities on major exchanges. The split of the Company's investments by the country of listing is set out below.

	31 December 2025 %	30 June 2025 %
Country of Listing		
United States	69	70
Germany	12	8
Hong Kong	12	1
Canada	4	5
Australia	3	14
United Kingdom	—	2
	100	100

9 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 \$2,274,566 to Victor Chang Cardiac Research Institute for the half-year ended 31 December 2025 (half-year ended 31 December 2024: \$2,078,658).

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 \$2,274,566 to Victor Chang Cardiac Research Institute for the half-year ended 31 December 2025 (half-year ended 31 December 2024: \$2,078,658).

Michael Traill is a Chair of Paul Ramsay Foundation. Paul Ramsay Foundation held 4,270,106 shares in HM1 on 31 December 2025 (half-year ended 31 December 2024: 4,270,106).

Directors' fees

The Directors have agreed to waive any right to be paid director fees.

10 Commitments and contingencies

The Company had no material contingent liabilities or commitments as at 31 December 2025 (2024: Nil).

11 Events occurring after the reporting period

Since the end of the half-year, the Directors declared an interim fully franked dividend of 9.5 cents per share payable on 16 April 2026. No other matter or circumstance has occurred subsequent to period 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 periods.

Directors' Declaration

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

- (a) The financial statements and notes as set out in pages 8 to 19 are in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position of the Company as at 31 December 2025 and of its performance, as represented by the results of the operations and the cash flows, for the half-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.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.



Christopher Cuffe AO
Chair and Independent Director

Sydney
18 February 2026

**Independent Auditor's Review Report
To the Members of Hearts and Minds Investment Limited
ABN 61 628 753 220****Report on the Half-Year Financial Report****Conclusion**

We have reviewed the half-year financial report of Hearts and Minds Investment Limited ("the Company") which comprises the statement of financial position as at 31 December 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of material accounting policies and other explanatory information, and the directors' declaration.

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

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

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report 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 review report.

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

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

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



Richard King
Partner



Pitcher Partners
Sydney

18 February 2026