BKI INVESTMENT COMPANY LIMITED

SINCE 2003

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ASX and Media Release

28 July 2026

FY2026 Result
Strong Portfolio Performance as BKI Announces Quarterly Dividend Payments

Result excluding special investment revenue	FY2026 ($m)	FY2025 ($m)	Movement (%)
Ordinary revenue from Investment Portfolio	$67.8	$65.1	4%
Total Revenue - Ordinary	$70.7	$69.3	2%
Operating Result (after tax – before special investment revenue)	**$62.8**	**$60.7**	**3%**
Earnings per share	7.78 cps	7.53 cps	3%
Ordinary Dividend per share	**7.95 cps**	**7.90 cps**	**1%**
Result including special investment revenue	FY2026 ($m)	FY2025 ($m)	Movement (%)
Net profit after tax	$64.4	$61.9	4%
Earnings per share	7.98 cps	7.67 cps	4%

Tuesday 28 July 2026: BKI Investment Company Limited (BKI, ASX: BKI) today announced the Group's results for the year ended 30 June 2026. BKI's Total Ordinary Revenue from the Investment Portfolio was $67.8 million up 4% and Special Investment Revenue was $1.7 million, up from $1.1 million in the previous corresponding period. Total Revenue for the period was $70.7 million up 2%. BKI's Net Operating Result, after tax and before special investment revenue, was $62.8 million, up 3% on last year. BKI's Net Profit After Tax was $64.4 million, up 4%.

BKI's basic earnings per share for the period, excluding special investment revenue, was 7.78 cents per share up 3%. Including special investment revenue, BKI's basic earnings per share for the period was 7.98 cents per share up 4%.

BKI's total portfolio value grew 6% over the year to $1.67 billion. As at 30 June 2026, BKI's Pre-Tax Net Tangible Assets per share was $2.07, up from $1.96 last year.

BKI will pay a Final Dividend of 4.00 cents per share (cps) fully franked at the tax rate of 30%. This takes FY2026 Total Dividends to 7.95cps up from 7.90cps paid in FY2025. In addition, the Board has determined to transition BKI's dividend payment schedule from a half-yearly to a quarterly basis. Subject to Board approval, BKI's first FY2027 quarterly dividend is expected to be paid in September 2026.

BKI Performance Overview

BKI has delivered a strong FY2026 result, with Net Operating Result, after tax and before special investment revenue up 3% on last year and Net Profit After Tax up 4%. BKI's core investment philosophy centres on holding high-quality, well-managed companies with the strength to reward shareholders across all market cycles through the payment of reliable dividends.

This long-term approach was clearly validated over the year, as our major portfolio holdings demonstrated their earnings resilience by accelerating dividend growth into BKI's second half.

While BKI's total dividend income was temporarily dampened in the first half by cyclical payout cuts from major resource holdings, our focus on companies with leading business models, strong balance sheets and reliable management teams ensured BKI was well positioned for a subsequent rebound in the second half of FY2026.

A standout in BKI's earnings performance for the year was BHP Group, which leveraged its operational quality and expanding copper production to stage a major turnaround, posting a 31% increase in dividends during the January to June period. Income growth across the rest of BKI's core, high-conviction holdings also remained robust. BKI benefited from increased dividends across major portfolio positions, including Harvey Norman Holdings, which grew dividends by 21%, Telstra Group (up 11%), Macquarie Group up (8%), Wesfarmers Limited (up 7%) and Commonwealth Bank (up 4%).

Defensive positions like Dalrymple Bay Infrastructure grew distributions by a further 9%, Transurban Group (up 6%), APA Group (up 4%) and Sonic Healthcare (up 2%) all contributed positively to BKI results. This underlying portfolio strength proved essential in smoothing out short-term earnings in a highly volatile market.

The forward-looking narrative for the Materials sector shifted dramatically as it emerged as the market's standout performer over the year, fuelled by the strength of gold and critical minerals in particular. This momentum was further underpinned by a strategic rotation within the AI thematic, as global investment focus shifted from software applications to the physical infrastructure required to build them. Consequently, demand has surged for underlying commodities, especially copper, which remains essential for both the significant expansion of global data centres and ongoing global energy requirements.

BKI's Special Investment Revenue was $1.7 million, up from the $1.1 million received last year. Special dividends were received from TPG Telecom, ARB Corporation, Wesfarmers Limited and Smartgroup Corporation. BKI also received a capital return of $8.7 million from TPG Telecom and $1.1 million from Wesfarmers during the year. These capital returns were received as cash. Because they represent a return of cost base rather than a distribution of profits, they were not accounted for as dividend income in this result.

By maintaining a disciplined focus on quality and valuation, BKI continues to ensure that our portfolio companies generate the sustainable cash flows necessary to fund growing, fully franked dividends for our shareholders.

Dividend Information

The BKI Board has declared a Final Dividend of 4.00 cents per share (cps) fully franked at the tax rate of 30%. This takes FY2026 Total Dividends to 7.95cps up from 7.90cps paid in FY2025. Using FY2026 Total Dividends of 7.95cps, BKI's historical grossed-up dividend yield is 6.2%, based on a tax rate of 30% and a share price of $1.825 at 30 June 2026.

The Ex-Dividend for BKI's Final Dividend of 4.00cps date is Friday 14 August 2026 and the Record Date for determining entitlements to the dividend is Monday 17 August 2026. BKI's Final Dividend will be paid to shareholders on Friday 28 August 2026. Key dates for the 2026 final ordinary dividend are as follows:

Key Dates for the FY2026 Final Dividend	
Last trading date to be eligible for dividend	Thursday 13 August 2026
Ex-dividend Date	**Friday 14 August 2026**
Record Date	Monday 17 August 2026
Dividend Payment Date	**Friday 28 August 2026**

Introducing Quarterly Dividends

To provide shareholders with a more regular and consistent income stream, the Board has determined to transition BKI's dividend payment schedule from a half-yearly to a quarterly basis. Consequently, following the payment of the upcoming final dividend, future distributions are intended to be declared and paid four times per financial year. This new framework aims to smooth cash flow delivery to investors while maintaining BKI's long-standing commitment to distributing fully franked dividends. Subject to Board approval, BKI's first FY2027 quarterly dividend is expected to be paid in September 2026.

Dividend Reinvestment Plan

The Board has determined that BKI's Dividend Reinvestment Plan (DRP) will be suspended indefinitely, effective from today's full-year results announcement. Consequently, the DRP will not apply to the upcoming Final Dividend and existing shareholder DRP elections will be deferred until the plan is reinstated. Accordingly, all shareholders will receive their upcoming dividend payment fully in cash.

Management Expense Ratio (MER)

BKI's MER as at 30 June 2026 was 0.160%, down 4% from 0.166% in the corresponding period. Our focus remains on creating wealth for all shareholders by keeping costs low, increasing fully franked dividends and generating capital growth over the long term. BKI has no debt and thus shareholder returns are not diluted by interest payable on such a facility. BKI's MER continues to compare very favourably to other externally managed LICs, ETFs and managed funds in the domestic market that provide a similar broad-based exposure to Australian equities.

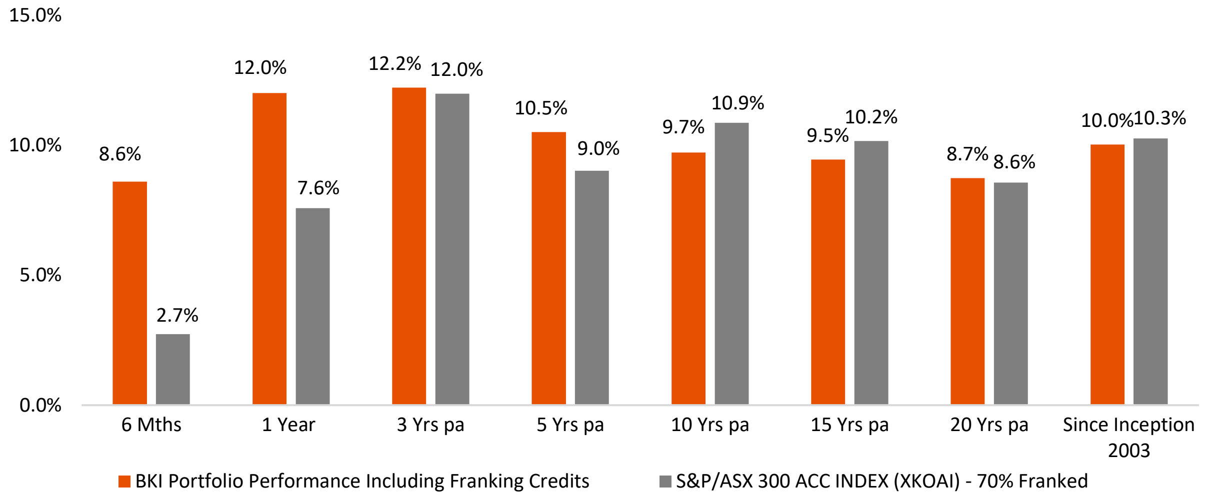
Portfolio Performance

For the financial year ended 30 June 2026, the S&P/ASX 300 Accumulation Index (franked at 70%) returned 7.6%. BKI's Portfolio Performance* was 12.0%, outperforming the Index by 4.4% over the same period. The strength of this result from BKI demonstrates the clear long-term benefits of our investment process, with performance heavily driven by our core, high-conviction holdings across the resources and infrastructure sectors. Our strategic asset allocation and capital positioning ensured that the portfolio capitalised on significant positive tailwinds while successfully mitigating headwinds in other areas of the market.

A key driver of this year's performance was our largest portfolio holding, BHP Group, which represents 11.8% of the total portfolio and delivered a stellar total return of 68.3% over the 1-year period. The performance contribution was strengthened by other significant resource positions, including New Hope Corporation (representing 4.1% of the portfolio), which surged 52.4% and Woodside Energy Group (5.0% weighting), which posted a strong return of 26.5%. Smartgroup Corporation also provided strong positive momentum to the overall result, achieving an exceptional return of 84.6% over the year.

Our meaningful allocations to high-quality, infrastructure-style real assets provided both defensive reliability and excellent capital growth during FY2026. APA Group, our second-largest position at 7.2% of the portfolio, returned a robust 31.7%. Dalrymple Bay Infrastructure (4.0% weighting) and Transurban Group (3.7% weighting) delivered solid returns of 42.5% and 7.8% respectively. Other core pillars of the portfolio continued to reward shareholders and support the headline return, including Macquarie Group (4.8% weighting) returning 13.0%, Wesfarmers Limited (5.2% weighting) up 11.4% and Telstra Group (4.9% weighting) returning 9.2%.

Conversely, our deliberate decision to reduce weightings within the banking sector proved advantageous in preserving capital. While Commonwealth Bank remains a core holding at 6.9% of the portfolio, its negative return of 8.4% acted as a drag on performance, validating our earlier strategic move to trim this position. Similarly, National Australia Bank (5.0% weighting) finished the year practically flat at 0.2%. Additional performance drag came from cyclical pullbacks in Sonic Healthcare, down 18.6% over the year. Ultimately, the collective outperformance of BKI's largest asset allocations significantly offset these softer segments.



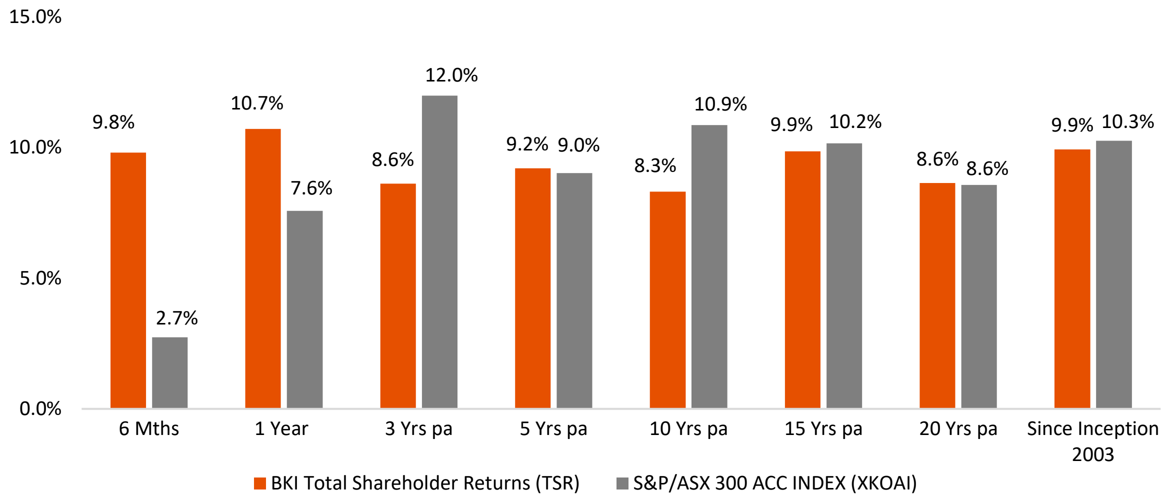
Above - BKI Net Portfolio Returns Including Franking Credits as at 30 June 2026.

* After all operating expenses, provisions and payment of both income and capital gains tax and the reinvestment of dividends and franking credits.

Total Shareholder Return

As of 30 June 2026, BKI's share price closed at $1.825, representing a 12% discount to its Pre-Tax Net Tangible Assets (NTA) of $2.07. This widening discount has caused BKI's Total Shareholder Returns (TSR) to lag the broader market benchmark over the medium term.

More positively, BKI delivered a strong short-term recovery for the year ending 30 June 2026, with a TSR (including franking credits) of 10.7%, comfortably outperforming the index return of 7.6%.



Above - BKI Total Shareholder Returns (TSR) Including Franking Credits as at 30 June 2026.

Portfolio Movements

Over FY2026, BKI invested $203 million into existing holdings including Woodside Energy, BHP Group, Sonic Healthcare, APA Group, Amcor and Smartgroup Corporation. BKI sold positions worth $172 million over the period.

The performance of the BKI portfolio for the year was further strengthened by our strategic decision to execute a rotation of capital out of Commonwealth Bank and National Australia Bank and into Woodside Energy, BHP Group and APA Group in particular. However, both Commonwealth Bank and National Australia Bank remain significant BKI holdings with a 6.9% and 5.0% portfolio weighting respectively. We maintain our view that both companies are high-quality businesses with a clear market-leading positions and attractive dividend profiles, run by excellent management teams.

We added Origin Energy to the portfolio throughout the year. Origin's balance sheet is strong and supported by sound cash flows. Origin offers an attractive, fully franked dividend yield of over 5%. Key to its future growth is the rapidly expanding Octopus Energy Group, a British-based global clean energy technology and retail company, along with the Kraken Technology Platform, which is part of its Octopus Energy stake. Although current profits are offset by these growth investments, the potential upside for Origin's valuation in both Octopus and Kraken is significant.

Late in FY2026, we also added Westpac Banking Corporation to the portfolio to capture its attractive, fully franked dividend yield and potential valuation upside as the bank implements its "UNITE" cost-efficiency program. We funded this purchase through a reduction in our significant overweight position in NAB. This rebalancing allows BKI to maintain its high dividend income while capturing a compelling risk-reward recovery story of Westpac at a valuation discount to its peers.

We exited BKI's positions in Suncorp Group, Aurizon Holdings, Yancoal Australia, Johns Lyng Group and Reece Limited due to concerns over future earnings and dividends. Additionally, we sold the stake in Tuas Limited due to the company not paying a dividend.

As at 30 June 2026, there were 34 stocks within the BKI Portfolio. The Investment Portfolio (including cash) was valued at $1.7 billion. BKI's cash position of $86 million represents 5.1% of the total portfolio.

BKI Total Portfolio

	Stock	% of Portfolio
1	BHP Group	11.8%
2	APA Group	7.2%
3	Commonwealth Bank	6.9%
4	Wesfarmers Limited	5.2%
5	National Australia Bank	5.0%
6	Woodside Energy Group	5.0%
7	Telstra Group	4.9%
8	Macquarie Group	4.8%
9	New Hope Corporation	4.1%
10	Dalrymple Bay Infrastructure	4.0%
11	Transurban Group	3.7%
12	Harvey Norman Holdings	2.9%
13	Woolworths Group	2.9%
14	Amcor	2.7%
15	Sonic Healthcare	2.6%
16	Smartgroup Corporation	2.2%
17	Soul Pattinson	2.1%
18	Goodman Group	1.8%

	Stock	% of Portfolio
19	Coles Group	1.7%
20	Westpac Banking Corporation	1.6%
21	Ramsay Health Care	1.5%
22	Origin Energy	1.3%
23	TPG Telecom	1.2%
24	Stockland	1.2%
25	Metcash Limited	1.2%
26	ARB Corporation	1.1%
27	Mirvac Group	1.0%
28	Ampol Limited	0.9%
29	Regis Healthcare	0.7%
30	Lindsay Australia	0.6%
31	IPH Limited	0.5%
32	EQT Holdings	0.4%
33	E&P Financial Group	0.3%
34	Carlton Investments	0.1%
Cash and Cash Equivalents		5.1%
Total Portfolio including cash and cash		**100%**

Market Commentary and Outlook

The Australian equity market in FY2026 was ultimately defined by a stark reality check against the extreme valuation expansion seen in late calendar 2025. While the RBA's August 2025 rate cut to 3.60% initially fuelled a major rally across Financials and Real Estate, the declining cash rate cycle came to an early, abrupt halt. Inflation growth in early 2026 saw the RBA aggressively reverse course with three consecutive rate hikes, lifting the cash rate back to 4.35%. This rapid tightening cycle is beginning to place some pressure on cost-sensitive, debt-exposed sectors.

In contrast, the Materials sector proved to be a critical defensive anchor throughout the financial year. A structural, secular demand for copper, gold and critical minerals, heavily backed by global AI infrastructure rollouts and high energy demands, justified a persistent investor rotation toward tangible assets. At the same time, escalating conflicts in the Middle East caused energy-related commodities to re-rate higher, disrupting global supply chains. Against this volatile backdrop, the Energy and Infrastructure sectors provided vital stability, shielding portfolios from geopolitical tensions and global currency fluctuations. This created a deeply divided economic landscape: while asset-rich corporate entities and large-caps thrived on structurally resilient business models, broader economic cohesion faced headwinds as higher rates began to erode consumer disposable incomes.

Meanwhile, the Federal Budget introduced an extra layer of uncertainty as investors weighed the implications of ongoing fiscal deficits, government spending and Australia's longer-term productivity outlook.

Looking ahead to FY2027, we believe the market will continue to transition from a phase of macro-driven events to more stock specific outcomes. With most economists expecting the RBA to keep the cash rate on hold at 4.35% well into the new financial year, top-line growth and structural cost efficiencies will replace multiple expansion as the primary drivers of equity returns. We anticipate a more balanced risk-reward profile across the Financials sector, while the strategic hedge offered by Materials will remain vital as geopolitical supply chain risks and energy concerns continue to underwrite commodity demand. Success in the year ahead will heavily favour a stock-picker's market, one focused on identifying quality businesses with genuine pricing power, robust balance sheets and a proven ability to sustain attractive, fully franked dividends in a higher-for-longer interest rate environment.

Against this complex backdrop, BKI remains committed to our long-term strategy of focusing on high-quality, dividend-paying stocks. We continue to actively optimise dividend income for our shareholders, ensuring resilience even as market yields compress. With no debt and $86 million in cash reserves, BKI is well-positioned to seize attractive opportunities as they arise in what is likely to be another volatile year ahead.

This announcement has been authorised by the BKI Board of Directors.

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