



**BKI INVESTMENT
COMPANY LIMITED**

SINCE 2003

ABN: 23 106 719 868

ASX and Media Release

29 January 2026

BKI's First Half FY2026 Results

Result <u>excluding</u> special investment revenue	1H FY26 (\$m)	H FY25 (\$m)	Movement (%)
Ordinary revenue from Investment Portfolio	\$34.5	\$32.6	6%
Total Revenue - Ordinary	\$36.0	\$35.0	3%
Operating Result (before tax and special investment revenue)	\$34.7	\$33.8	3%
Earnings per share	4.08 cps	3.81 cps	7%
Ordinary Dividend per share	3.95 cps	3.90 cps	1%
Result <u>including</u> special investment revenue	1H FY26 (\$m)	1H FY25 (\$m)	Movement (%)
Net profit after tax	\$34.3	\$31.2	10%
Earnings per share	4.25 cps	3.87 cps	10%

Thursday 29 January 2026: BKI Investment Company Limited (BKI, ASX: BKI) today announced the Group's results for the half year ended 31 December 2025. BKI's Total Ordinary Revenue from the Investment Portfolio was \$34.5 million up 6% and Special Investment Revenue was \$1.4 million, up from \$0.5 million in the previous corresponding period. Total revenue for the period was \$36.0 million up 3%. BKI's Net Operating Result, before tax and special investment revenue, was \$34.7 million, up 3% on last year. BKI's Net Profit After Tax was \$34.3 million, up 10%.

BKI's basic earnings per share for the period, excluding special investment revenue, was 4.08 cents per share up 7%. Including special investment revenue, BKI's basic earnings per share for the period was 4.25 cents per share up 10%.

BKI will pay an interim ordinary dividend of 3.95 cents per share fully franked at the tax rate of 30%, up from 3.90 cents per share last year.

BKI Performance Overview

Positively, most of BKI's major dividend contributors grew dividends over the first half of FY2026, in particular Harvey Norman Holdings (up 21%), Suncorp Group (up 11%), Dalrymple Bay Infrastructure (up 9%), Transurban Group (up 8%), Telstra Group (up 6%), APA Group (up 4%), Commonwealth Bank (up 4%), Wesfarmers Limited (up 4%) and Sonic Healthcare (up 2%).

BKI's total dividends were dampened slightly by payout cuts from major holdings within the Resource sector, specifically New Hope Group (down 32%), Woodside Energy (down 20%) and BHP Group (down 17%). However, the forward-looking narrative for the Materials sector has turned positive, with the sector emerging as the market's standout performer in 2025, fuelled by the performance of Gold and Critical Minerals. This momentum was underpinned by a strategic rotation in the AI thematic as the focus shifted from software applications to the physical infrastructure required to power them with demand surging for the underlying commodities, especially Copper, essential for the significant expansion of global data centres and the ongoing energy transition.

BKI's Special Investment Revenue was \$1.4 million, up from the \$0.5 million received last year. Specials were received from TPG Telecom, ARB Corporation and Wesfarmers Limited. BKI also received a capital return of \$8.7 million from TPG Telecom and \$1.1 million from Wesfarmers during the half. These capital returns were received as cash and as they represent a return of cost base rather than a distribution of profits, were not accounted for as dividend income.

Dividend Information

The BKI Board has declared an interim ordinary dividend of 3.95 cents per share fully franked at the tax rate of 30%, up from 3.90 cents per share paid last year. The ex-dividend date is Monday 9 February 2026, and the Record Date for determining entitlements to the dividends is Tuesday 10 February 2026. The dividend will be paid to shareholders on Friday 27 February 2026.

Using the FY2025 Final Dividend and FY2026 Interim Dividend, BKI's historical grossed-up dividend yield is 6.6%, based on a tax rate of 30% and a share price of \$1.715, as at 31 December 2025.

Dividend Reinvestment Plan

BKI's Dividend Reinvestment Plan (DRP) will be maintained and has been an effective mechanism enabling shareholders to reinvest their dividends into additional company shares. Participation in the first half FY2026 DRP will remain voluntary, allowing shareholders to opt in or out based on their financial preferences. Shareholders can choose to receive full cash dividends, participate in the DRP, or a combination of both.

The first half FY2026 DRP will be neutralised. To preserve capital neutrality, BKI will (through a third party) execute an on-market share purchase of shares to satisfy its obligations under the DRP. Shares issued under the DRP will be priced as usual at a nil discount to the volume-weighted average price (VWAP) over the specified trading period, encouraging shareholder participation while reflecting fair value. The purchase will be conducted at market prices, ensuring alignment with prevailing market conditions.

Neutralising the impact to share capital by transferring shares to participants that are purchased on market prevents dilution of existing shareholder ownership, preserving the equity value of all shareholders.

The last day to nominate for participation in the DRP is Wednesday 11 February 2026. To complete a DRP form please follow the following link: bkilimited.com.au/dividend-information/

The last trading day to be eligible for BKI's fully franked interim dividend is Friday 6 February 2026, with the Ex-dividend date being Monday 9 February 2026. Key dates for the dividends are as follows:

Last trading date to be eligible for dividend	Friday 6 February 2026
Ex-dividend Date	Monday 9 February 2026
Record Date	Tuesday 10 February 2026
DRP Nomination	Wednesday 11 February 2026
Dividend Payment Date	Friday 27 February 2026

Management Expense Ratio (MER)

BKI's MER as at 31 December 2025 was 0.163%, down from 0.168% 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.

Performance

Portfolio Return

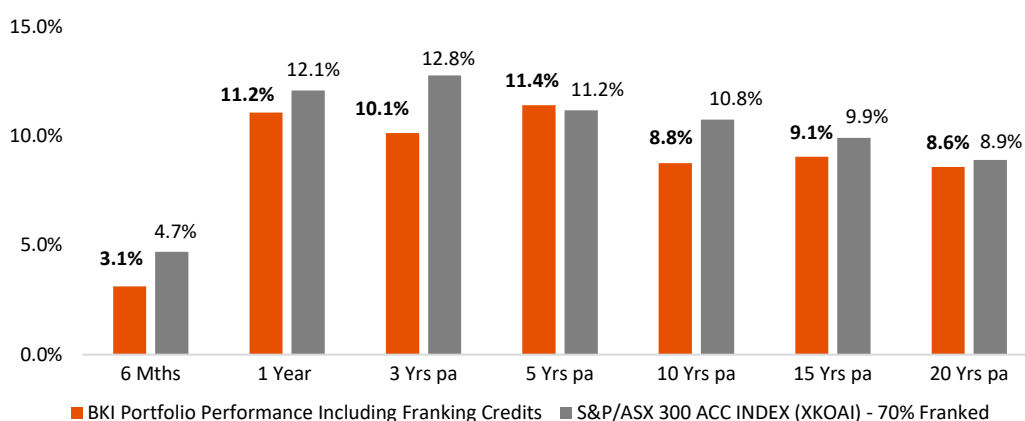
BKI's Net Portfolio Return* for the year to 31 December 2025 was 11.2% compared to the S&P/ASX300 Accumulation Index which returned 12.1% for the same period. The performance of the BKI portfolio has been strengthened by our strategic decision to execute a rotation of capital out of Banks and into Resources; reducing our holding in Commonwealth Bank and adding to our positions in Woodside Energy, BHP Group and APA Group.

Crucially, this rotation has aligned the BKI portfolio further to our linkage to Copper, Oil and Gas to support powerful secular growth drivers, most notably the global energy transition and significant expansion of AI and global data centres.

Additionally, BKI's infrastructure portfolio holdings maintained a consistent upward trajectory throughout the year, significantly outperforming traditional fixed-income benchmarks. While the Australian 10-year bond yield remained range-bound between 4.0% and 4.7%, BKI's infrastructure investments delivered superior total shareholder returns with Dalrymple Bay Infrastructure delivering a return of 37.6%, APA Group returning 31.4% and Transurban returning 10.6% for the year to 31 December 2025.

After reaching an all-time high in August 2025, the Australian equity market faced a volatile finish to the year as initial optimism over interest rate cuts was balanced by persistent domestic inflation and geopolitical trade tensions. In the first half of FY2026 the S&P/ASX 300 Accumulation Index delivered a 4.7% return, while BKI's Net Portfolio Return was 3.1%.

Over the last 6 months a total return comparison has seen Commonwealth Bank decline 12.4%, while BHP Group has increased 23.3%, APA Group increased 12.4% and Woodside Energy increased 3.2%, a significant outperformance. Materials was the standout sector in 2025, and we believe it will remain a dominant sector throughout 2026 as demand for Copper and Critical Minerals in particular continue to support AI infrastructure and the energy transition.

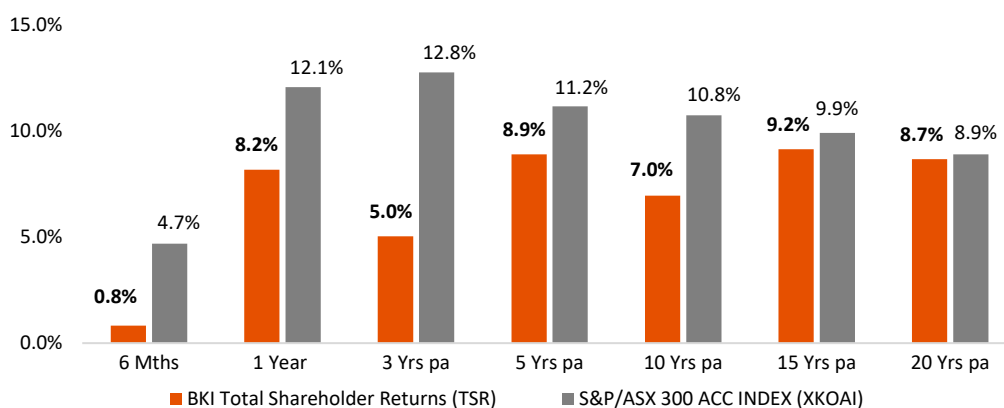


Above - BKI Net Portfolio Returns Including Franking Credits as at 31 December 2025.

* 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

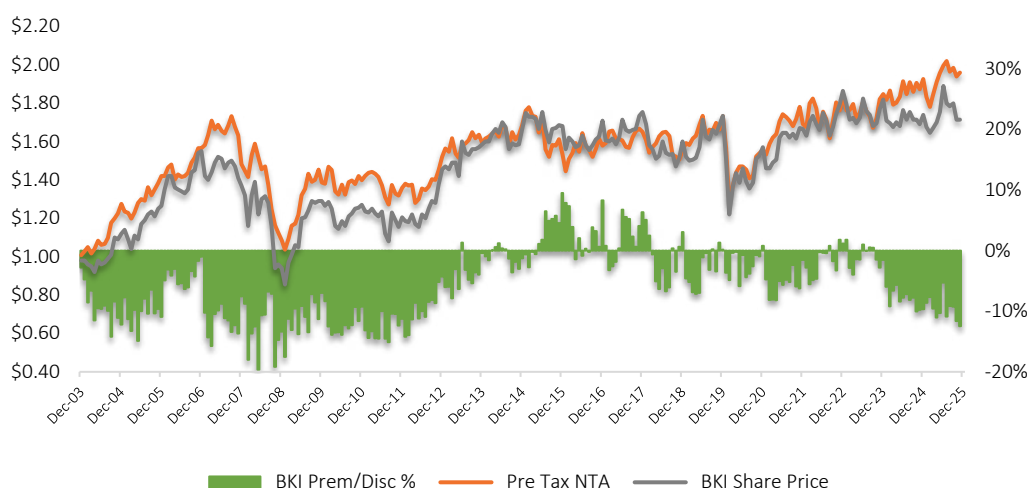
For the year to 31 December 2025, BKI's Total Shareholder Returns including franking credits was 8.2%, compared to the index return of 12.1%.



Above - BKI Total Shareholder Returns (TSR) Including Franking Credits as at 31 December 2025.

Net Tangible Assets (NTA)

BKI's Pre-Tax Net Tangible Assets as at 31 December 2025 was \$1.96. BKI's share price of \$1.715 represented a 12.5% discount to the pre-tax NTA.



Above – BKI's Premium/Discount since December 2003.

Portfolio Movements

Over the first half of FY2026, we invested \$147 million into existing holdings including Woodside Energy, BHP Group, APA Group, Amcor and Sonic Healthcare. BKI sold positions worth \$110 million over the period including a re-weighting of Commonwealth Bank.

The performance of the BKI portfolio for the 2025 calendar year has been strengthened by our strategic decision to execute a rotation of capital out of Commonwealth Bank and into Woodside Energy, BHP Group and APA Group in particular.

Commonwealth Bank carries a historically very high price-to-book value, which offers limited room for capital appreciation, especially in an environment of shifting interest rate expectations. By contrast, Woodside Energy, BHP Group and APA Group all present a more attractive investment case based on their relative PE multiples and more compelling dividend yields. This rotation has captured valuation upside while providing a superior income stream, aligning with our objectives to enhance both total return and portfolio yield to BKI shareholders.

Commonwealth Bank remains a significant BKI holding with a 6.7% portfolio weighting. We maintain our view that it is a high-quality business with a clear market-leading position and an attractive dividend profile, run by an excellent management team.

We added Origin Energy to the portfolio. 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.

We exited BKI's positions in 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 the end of December 2025, there were 34 stocks within the BKI Portfolio. The Investment Portfolio (including cash) was valued at \$1.6 billion. BKI's cash position of \$82 million represents 5.2% of the total portfolio.

BKI Total Portfolio

	Stock	% of Portfolio
1	BHP Group	9.6%
2	National Australia Bank	7.9%
3	Commonwealth Bank	7.1%
4	APA Group	6.7%
5	Telstra Group	5.0%
6	Wesfarmers Limited	4.9%
7	Harvey Norman Holdings	4.4%
8	Woodside Energy Group	4.4%
9	Macquarie Group	4.1%
10	Transurban Group	3.8%
11	Dalrymple Bay Infrastructure	3.7%
12	New Hope Corporation	3.3%
13	Amcor	2.8%
14	Sonic Healthcare	2.7%
15	Suncorp Group	2.3%
16	Woolworths Group	2.2%
17	ARB Corporation	1.9%
18	Goodman Group	1.8%

	Stock	% of Portfolio
19	Stockland	1.8%
20	WH Soul Pattinson & Company	1.8%
21	Coles Group	1.5%
22	Metcash Limited	1.4%
23	TPG Telecom	1.4%
24	Smartgroup Corporation	1.3%
25	Ramsay Health Care	1.2%
26	Mirvac Group	1.2%
27	Ampol Limited	1.0%
28	Regis Healthcare	0.8%
29	Lindsay Australia	0.8%
30	EQT Holdings	0.7%
31	Origin Energy	0.6%
32	IPH Limited	0.4%
33	E&P Financial Group	0.2%
34	Carlton Investments	0.1%
Cash and Cash Equivalents		5.2%
Total Portfolio including cash and cash		100%

Outlook

The Australian equity market in 2025 was defined by significant valuation expansion, as the RBA's August rate cut to 3.60% fuelled a rally in Financials and Real Estate. However, gains were driven more by rising P/E multiples than bottom-line growth, pushing valuations well above their 20-year averages. This expansion has compressed the S&P/ASX 300 dividend yield to below 3.2%, signalling that while sentiment is high, the market is currently priced for perfection despite relatively flat earnings.

Materials was the standout sector in 2025, and we believe it will remain a dominant sector throughout 2026 as demand for copper and critical minerals continues to support AI infrastructure and the energy transition. This shift highlights a strategic rotation toward tangible assets as a defence against geopolitical instability, global currency concerns and an uncertain interest rate environment. We expect investors to continue seeking leverage in this space to hedge against these broader macro risks.

The outlook for 2026 remains divided. While mega-cap miners and banks have provided stability, recent higher inflation figures have placed further pressure on cost-sensitive sectors, while simultaneously providing some support for interest-rate-sensitive stocks. The declining cash rate cycle may have come to an early end in Australia with many economists now forecasting the cash rate to be higher during 2026. This may create a situation where asset-rich investors benefit from stretched valuations, while broader economic cohesion is threatened by lower disposable income. Success in the coming year will depend on navigating this divide and identifying value beyond the current high-multiple 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 \$82 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.

For further information:

Contact Asset Management

Tom Millner – Portfolio Manager
0408 754 180

Will Culbert – Portfolio Manager
0410 627 378