BKI INVESTMENT COMPANY LIMITED

SINCE 2003

BKI Investment Company

Results Presentation

For the year ended 30 June 2026

CONTACT ASSET MANAGEMENT

BKI is managed by **Contact Asset Management** AFSL 494045

Disclaimer

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This material has been prepared by Contact Asset Management on behalf of BKI Investment Company Limited.

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Investors should consult their financial adviser in relation to any material within this document.

2026 Full Year Results

For the year ended 30 June 2026

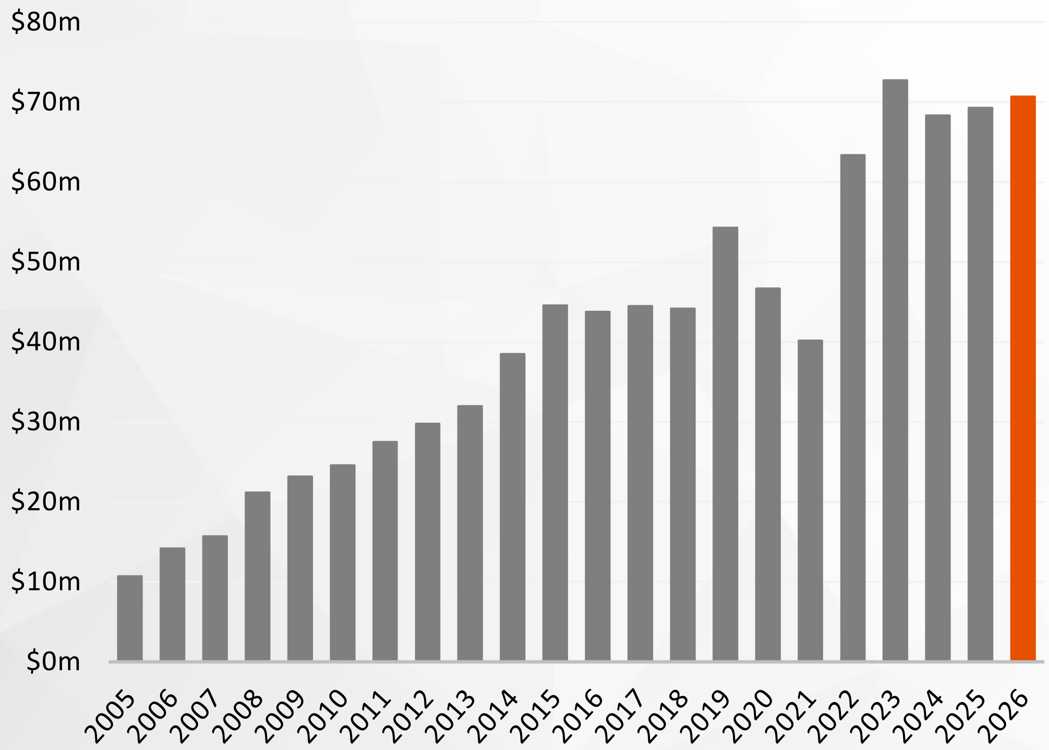
Result <u>excluding</u> special investment revenue	FY2026 ($m)	FY2025 ($m)	Movement (%)
Ordinary revenue from Investment Portfolio	$67.8	$65.1	4%
Total Revenue - Ordinary	$70.7	$69.3	2%
Operating Result (after tax – before special investment revenue)	**$62.8**	**$60.7**	**3%**
Earnings per share	7.78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

Source: BKI, Contact Asset Management

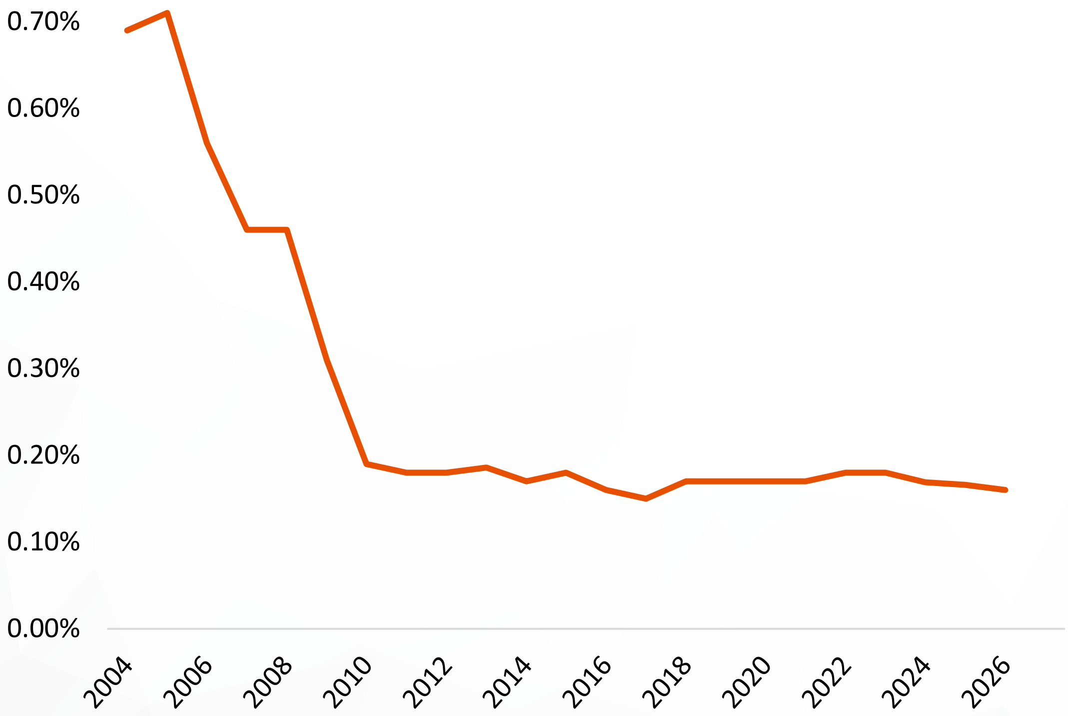
2026 Full Year Results

Growth in Net Operating Result and reduced MER.

Net Operating Result
(before special dividends)



Management Expense Ratio (MER)
BKI's MER was 0.160%, down 4% from 0.166% last year



Source: BKI, Contact Asset Management

2026 Full Year Results

For the year ended 30 June 2026

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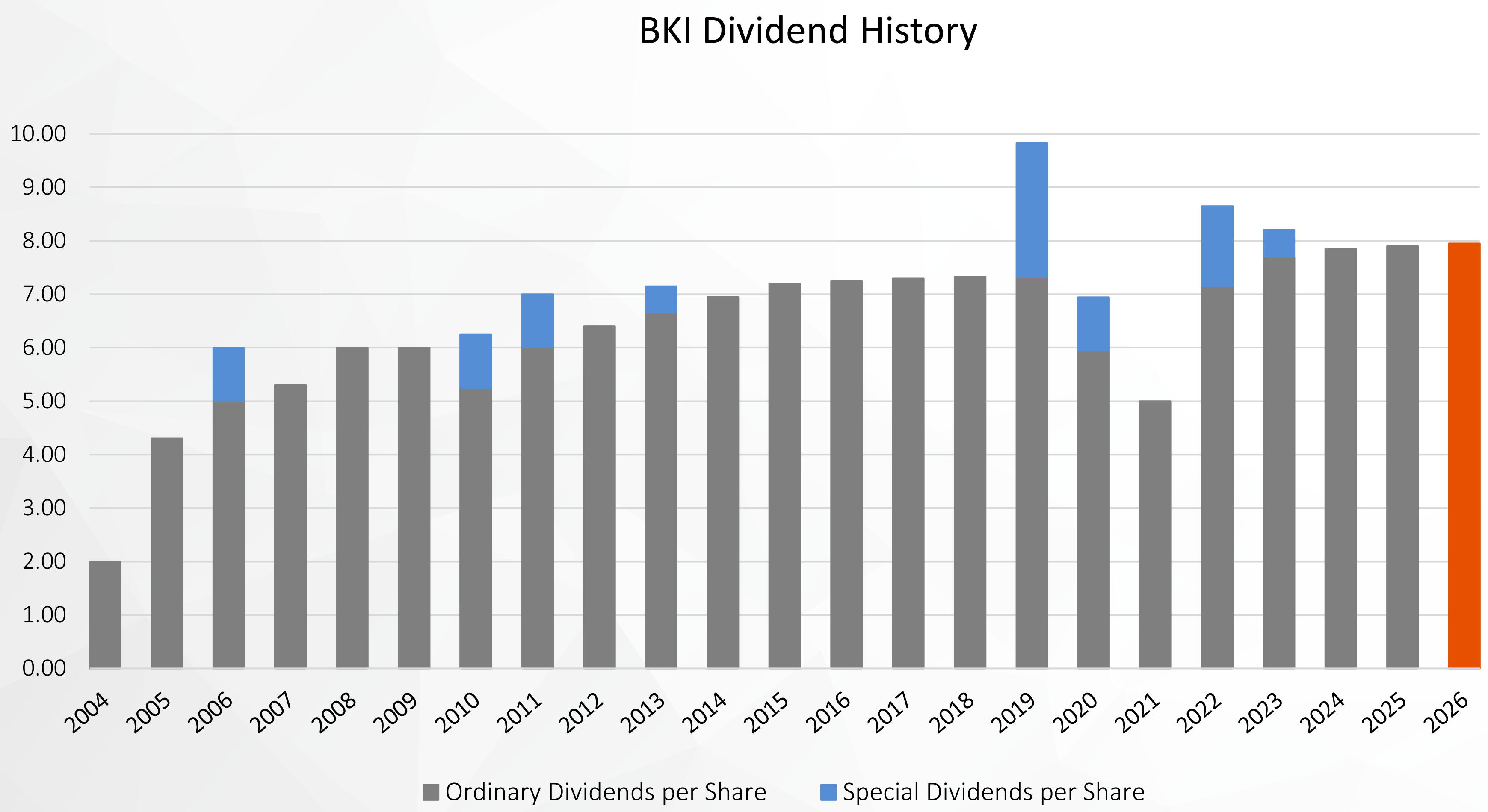
BKI's final ordinary dividend is 4.00 cents per share fully franked, taking FY2026 Total Dividends to 7.95cps up 1% from 7.90cps paid in FY2025.

- Last trading date to be eligible for the dividend is Thursday 13 August 2026.
- Ex-dividend date is Friday 14 August 2026 and will be paid on Friday 28 August 2026.
- BKI's DRP has been suspended.

Dividend Timetable	Key Dates
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**

A History of Strong Dividends

BKI has a strong history of paying fully franked dividends and offering an attractive yield.



2026 Dividends

7.95cps

up 1% on pcp

Source: BKI, Contact Asset Management

Dividend Contributions

BKI's Top 10 Dividend Contributors for FY2026

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BKI's Top 10 Dividend Contributors

Company Name	Change FY2025 – FY2026	Comments
APA Group	27%	Dividend growth - Increased BKI portfolio weighting
BHP Group	11%	Dividend growth - Increased BKI portfolio weighting
National Australia Bank	0%	Flat dividend – Maintained portfolio weighting
Woodside Energy	6%	Reduced dividend - Increased BKI portfolio weighting
Commonwealth Bank	-9%	Dividend growth - Reduced BKI portfolio weighting
New Hope Corporation	-29%	Reduced dividend – Maintained portfolio weighting
Telstra Group	36%	Dividend growth - Increased BKI portfolio weighting
Dalrymple Bay Infrastructure	149%	Distribution growth - Increased BKI portfolio weighting
Transurban Group	19%	Distribution growth - Maintained BKI portfolio weighting
Harvey Norman Holdings	34%	Dividend growth - Increased BKI portfolio weighting

Source: BKI, Contact Asset Management

Performance

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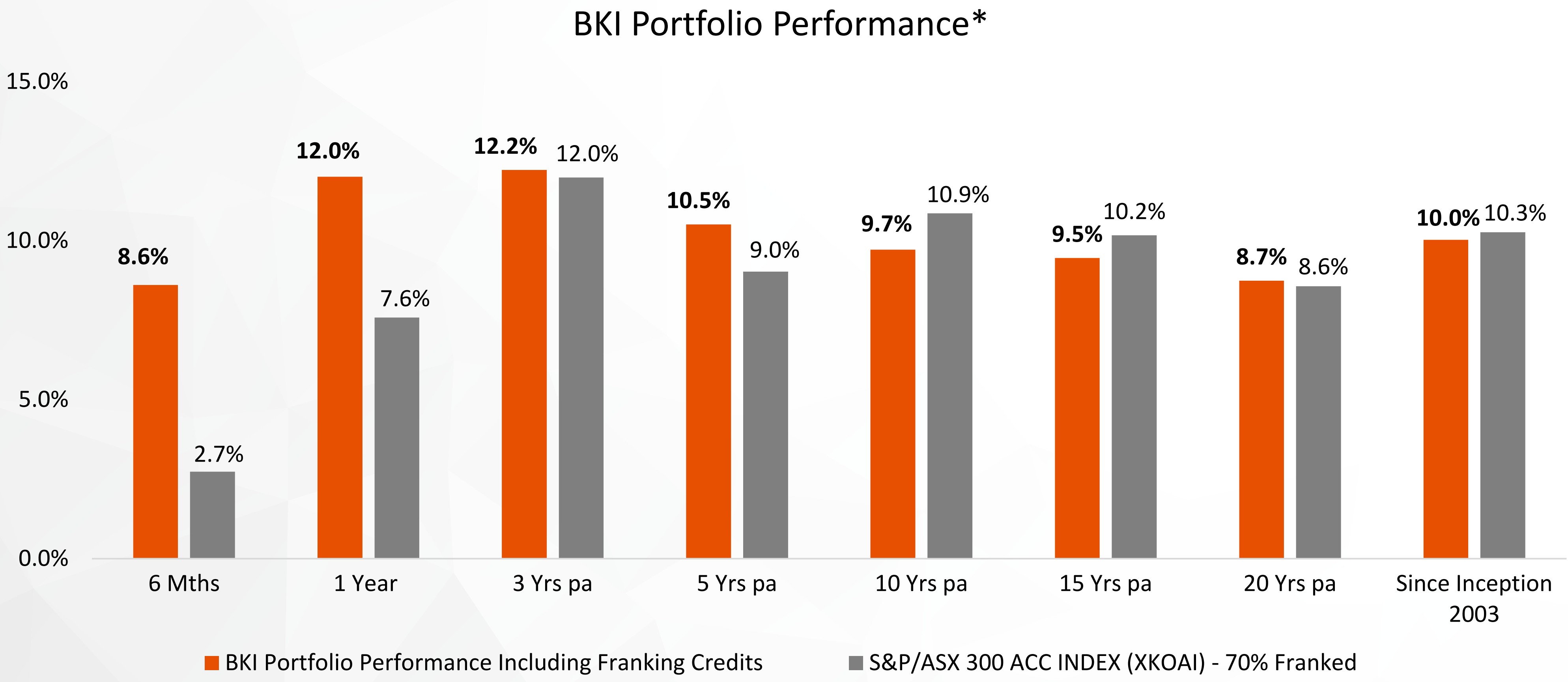
Performance – Portfolio Return

For the year ended 30 June 2026



Source: IRESS, Factset, BKI, Contact Asset Management. S&P/ASX 300 Accumulation Index Franked at 70%. *BKI Portfolio Performance includes franking credits

Performance

For the year ended 30 June 2026

BKI Performance as at 30 June 2026	3 Mths	6 Mths	1 Year	3 Yrs (pa)	5 Yrs (pa)	10 Yrs (pa)	15 Yrs (pa)	20 Yrs (pa)	Inception (pa)
S&P/ASX 300 ACC INDEX (XKOAI) - 70% Franked	4.1%	2.7%	7.6%	12.0%	9.0%	10.9%	10.2%	8.6%	10.3%
BKI Total Shareholder Returns	8.0%	9.8%	10.7%	8.6%	9.2%	8.3%	9.9%	8.6%	9.9%
BKI Portfolio Performance*	**4.3%**	**8.6%**	**12.0%**	**12.2%**	**10.5%**	**9.7%**	**9.5%**	**8.7%**	**10.0%**
BKI Portfolio Outperformance	**0.1%**	**5.9%**	**4.4%**	**0.2%**	**1.5%**	**-1.1%**	**-0.7%**	**0.2%**	**-0.2%**

Source: IRESS, Factset, BKI, Contact Asset Management. S&P/ASX 300 Accumulation Index Franked at 70%. *BKI Portfolio Performance includes franking credits

Performance Contributors

BKI's Top 10 Holdings – 1 Year Total Shareholder Returns.

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BKI's Top 10 Holdings – (1Yr TSR)

Company Name	Change FY2025 – FY2026	Comments
BHP Group	68%	Record copper production with contributions now over 50% of EBITDA. Disciplined cost management.
APA Group	32%	Defensive infrastructure stock delivering solid distributions backed by high asset utilisation and organic growth.
Commonwealth Bank	-8%	Achieved peer-leading ROE and continues to return record levels of capital back to shareholders through dividends and buy-back.
Wesfarmers Limited	11%	Executed significant capital management initiative, through a mix of capital return and special dividend.
National Australia Bank	0%	Solid cash earnings supported by deposit growth and refreshed strategy focusing on business lending.
Woodside Energy	27%	Beneficiary of rising oil and gas prices, offers a 9% grossed up dividend yield supported by strong production.
Telstra Group	9%	Delivered solid NPAT growth, increased dividends and buy-back extension.
Macquarie Group	13%	Lifted profits with improved performance fees and a recovery in ROE. Increased dividend.
New Hope Corporation	52%	Re-rating on the back of rising energy prices, offers attractive grossed up yield supported by production growth.
Dalrymple Bay Infrastructure	43%	Organic growth driven by high returns on sustaining capex. Attractive yield supported by Board targeting upper end of payout ratio.

Source: BKI, Contact Asset Management

Performance - Total Shareholder Return (TSR)

For the year ended 30 June 2026

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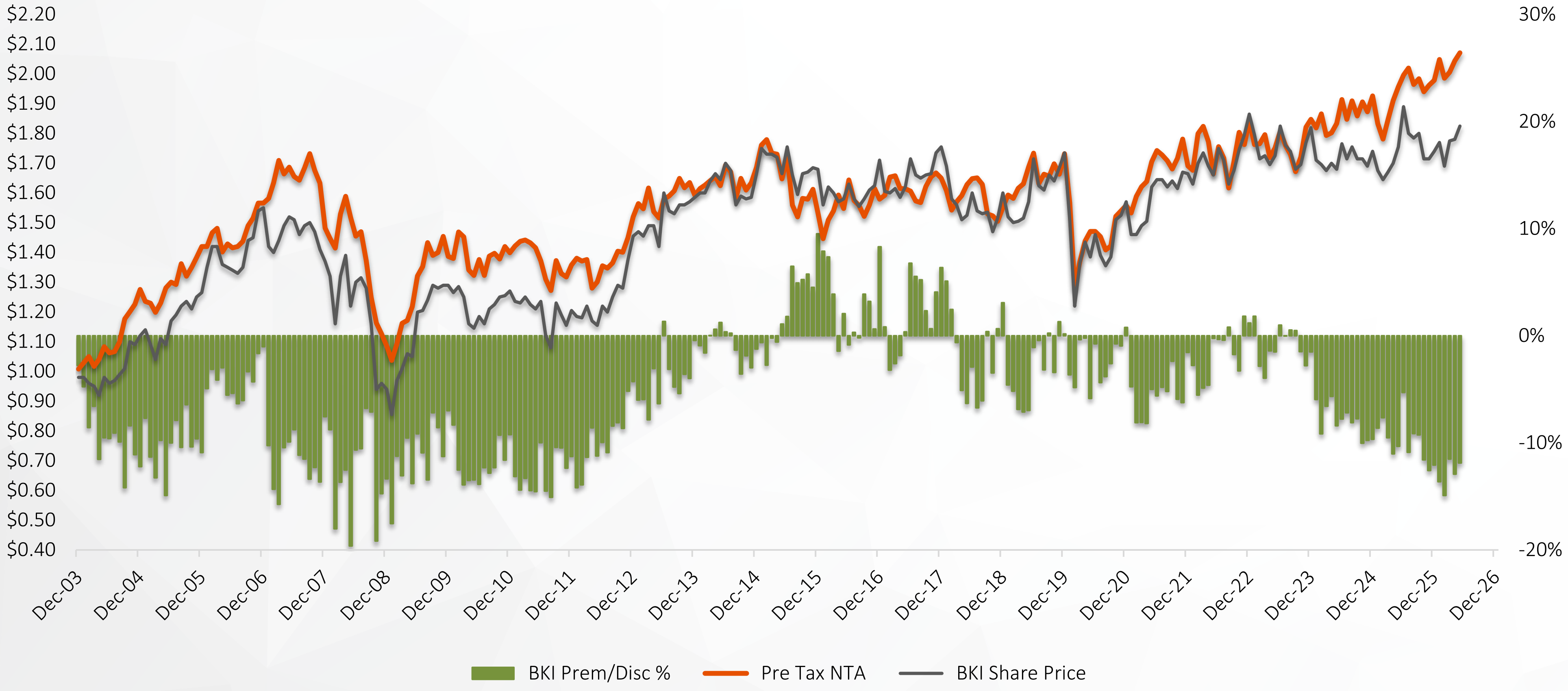
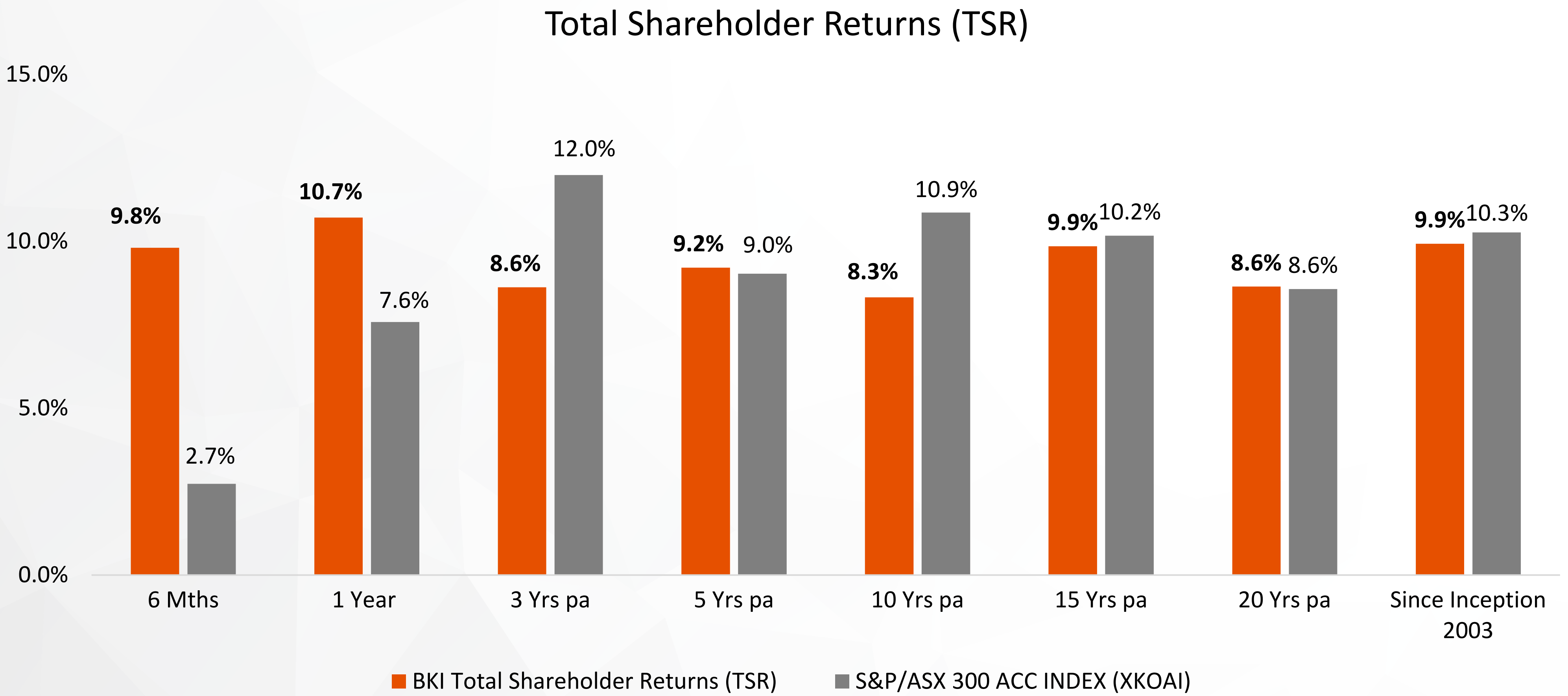
Short Term TSR impacted by Discount to NTA

BKI's share price of $1.825 represented a 11.9% discount to BKI's pre-tax NTA of $2.07.



Performance - Total Shareholder Return (TSR)

For the year ended 30 June 2026



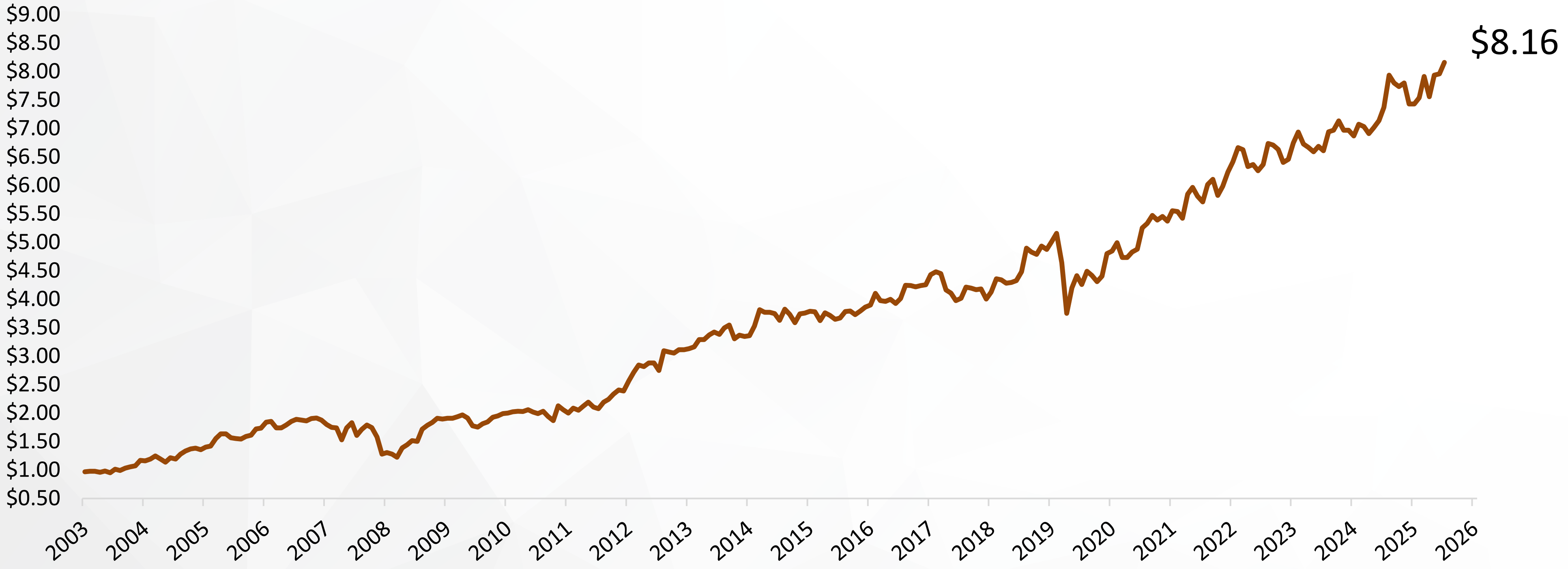
Source: IRESS, Factset, BKI, Contact Asset Management. S&P/ASX 300 Accumulation Index Franked at 70%.

Performance – Cumulative Share Price Returns

For the year ended 30 June 2026

Cumulative Share Price Returns

Assuming all dividends were reinvested and using the benefit of franking credits, the cumulative share price of BKI shares was $8.16 per share as at 30 June 2026.



Source: BKI, Contact Asset Management

Performance – Dividend Yield

BKI has a strong history of paying fully franked dividends and offering an attractive yield.

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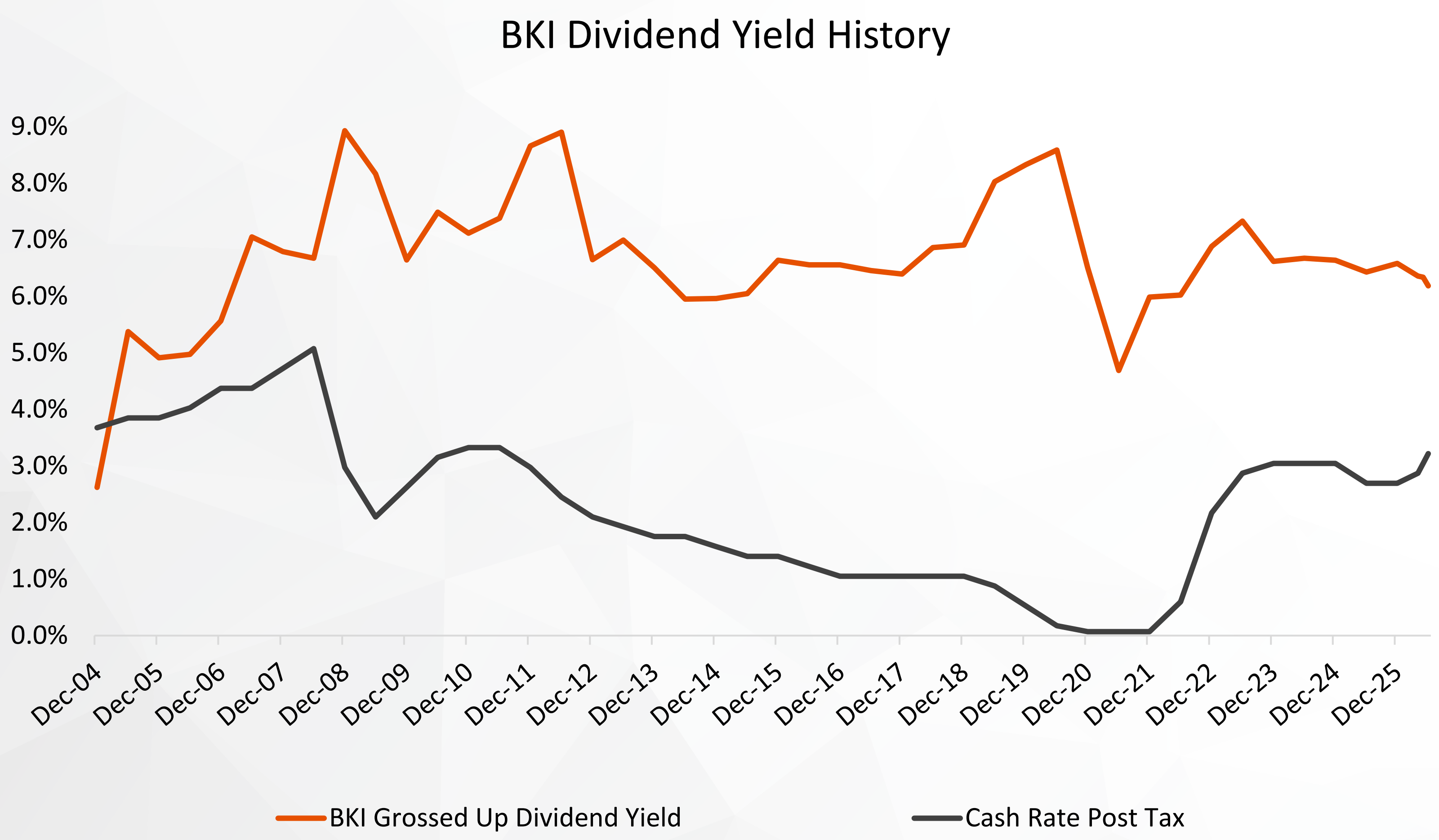

6.2% BKI Grossed-up Dividend Yield*

3.5% Post Tax Cash Rate

Source: BKI, Contact Asset Management; *BKI's historical grossed-up dividend yield calculated by using the FY2026 Total Dividends of 7.95 cents per share, divided by the BKI share price of $1.825, as at 30 June 2026, and is based on a tax rate of 30%.

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Portfolio Positioning

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For the year ended 30 June 2026

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Portfolio Movements

For the year ended 30 June 2026

Purchases **Add**	Purchases **New**	Sales **Reduce**	Sales **Exit**
Woodside Energy Group	Origin Energy	Commonwealth Bank	Suncorp Group
BHP Group	Westpac Banking Group	National Australia Bank	Aurizon Holdings
Sonic Healthcare			Yancoal Australia
APA Group			Tuas Limited
Amcor			Reece Limited
Smartgroup Corporation			Johns Lyng Group

Portfolio Positioning – BKI Portfolio

For the year ended 30 June 2026

	Stock	% of Portfolio		Stock	% of Portfolio
1	BHP Group	11.8%	19	Coles Group	1.7%
2	APA Group	7.2%	20	Westpac Banking Corporation	1.6%
3	Commonwealth Bank	6.9%	21	Ramsay Health Care	1.5%
4	Wesfarmers Limited	5.2%	22	Origin Energy	1.3%
5	National Australia Bank	5.0%	23	TPG Telecom	1.2%
6	Woodside Energy Group	5.0%	24	Stockland	1.2%
7	Telstra Group	4.9%	25	Metcash Limited	1.2%
8	Macquarie Group	4.8%	26	ARB Corporation	1.1%
9	New Hope Corporation	4.1%	27	Mirvac Group	1.0%
10	Dalrymple Bay Infrastructure	4.0%	28	Ampol Limited	0.9%
11	Transurban Group	3.7%	29	Regis Healthcare	0.7%
12	Harvey Norman Holdings	2.9%	30	Lindsay Australia	0.6%
13	Woolworths Group	2.9%	31	IPH Limited	0.5%
14	Amcor	2.7%	32	EQT Holdings	0.4%
15	Sonic Healthcare	2.6%	33	E&P Financial Group	0.3%
16	Smartgroup Corporation	2.2%	34	Carlton Investments	0.1%
17	Soul Pattinson	2.1%		Cash and Cash Equivalents	5.1%
18	Goodman Group	1.8%		**Total Portfolio**	**100%**

Source: IRESS, Factset, BKI, Contact Asset Management.

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Equity Market Overview

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Interest Rate Environment and Inflation

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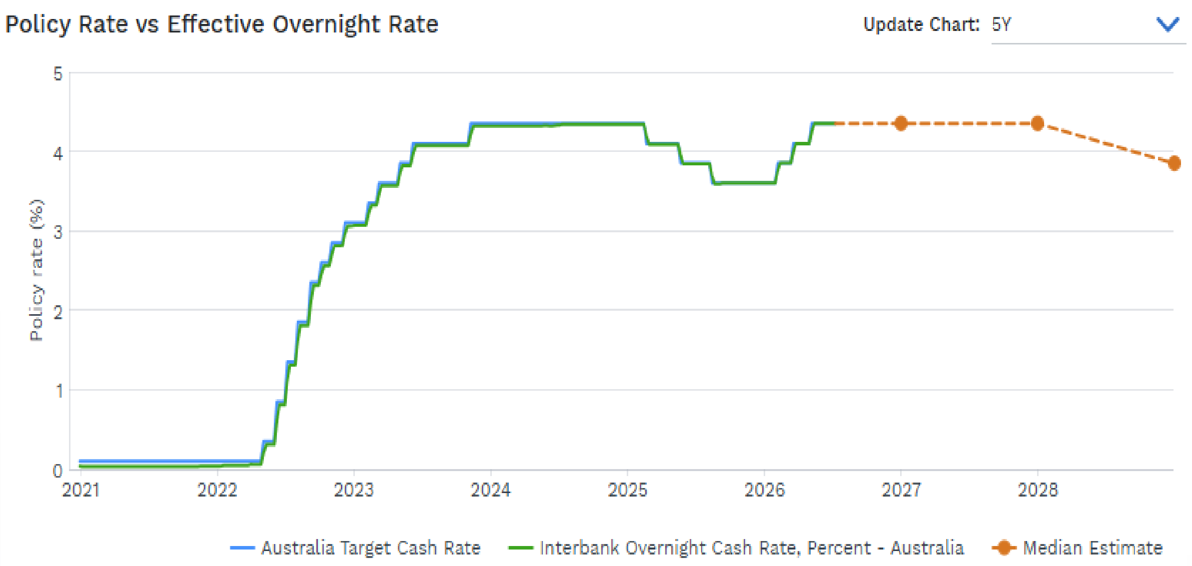
Shifting Timelines - The Delayed Australian Easing Cycle

Inflation remains the central driver of global market sentiment and central bank policies. In Australia, the expected easing cycle was abruptly halted by three rapid rate hikes, pushing the cash rate to 4.35%, where major bank economists expect it to hold.

Consequently, previous projections of a swift decline to 3.10% – 3.35% have been delayed. Economists have pushed back their timelines, anticipating that any real discussion about rate cuts will likely be delayed until 2027, once inflation successfully migrates back into the RBA's target band.



Source: BKI, Contact Asset Management.

Rate Pressure and Property Underinvestment

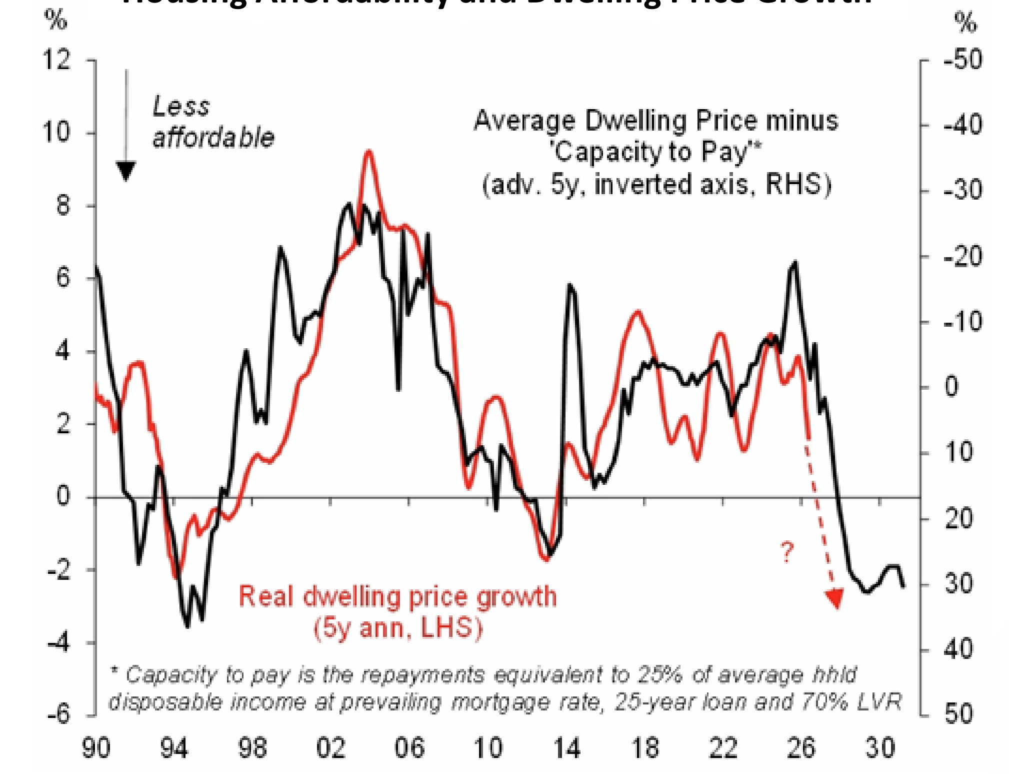
Rate Rises, Softening Housing and Plunging Confidence

The Australian housing market has stalled, with flat national dwelling price growth and transaction volumes dropping as consumer confidence tracks near historical lows.

Credit slowdown is being compounded by a restrictive 4.35% RBA cash rate alongside federal budget implications. This is making the outlook difficult for lower-tier, non-bank lenders who lack scale and deposit funding, with many of these operators to face funding squeezes and potential asset-quality deterioration as credit stress emerges.

While this environment compresses industry-wide mortgage growth, the Australian Banking sector is successfully navigating the cycle, utilising sticky, low-cost deposit franchises and fortress CET1 capital stacks to stabilise net interest margins (NIMs).

Housing Affordability and Dwelling Price Growth



Source: Macrobond, Macquarie Macro Strategy

Source: BKI, Contact Asset Management.

Discretionary Retail - Tightening The Belts

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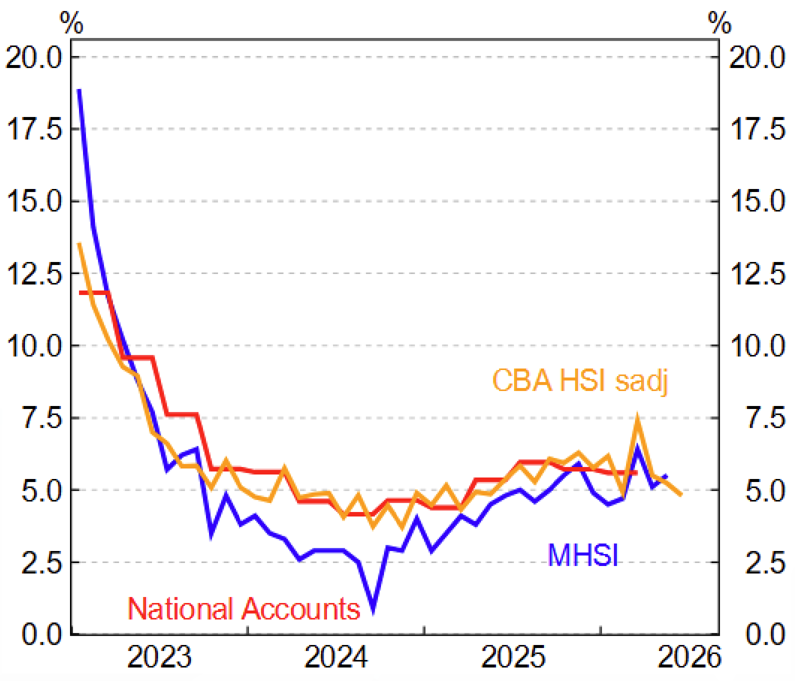
A Considerable Slowdown of Annual Household Consumption

Population growth has masked an underlying per-capita stagnation in household spending. FY2026 saw discretionary retail slow to 0.7% (vs. 3.0% for non-discretionary) as inflation and high cash rates weigh on consumer sentiment.

This macro squeeze has triggered a clear demographic split. Mortgage-stressed and younger households are rationing big-ticket purchases, while wealth-insulated older demographics support premium travel and experience-based services.

Stocks within the Discretionary Retail sector may now face margin compression from defensive discounting to defend volumes, while market-leading companies within Consumer Staples with strong pricing power could see sector outperformance.

Housing Spending Indicators (HSI) (annual % change)



Source: Macrobond, CBA, ABS, MHSI (Monthly Household Spending Indicator).

Source: BKI, Contact Asset Management.

Resources – Australia's Golden Ticket

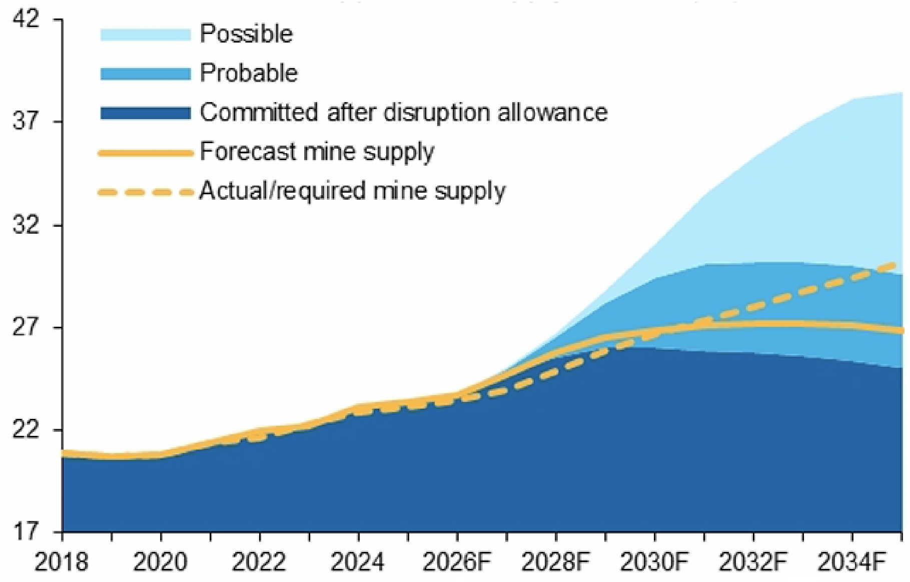
Resource Companies, Benefiting from Global Tensions and Supply Gap

Australian resource and energy exporters remain the market's premier hedge against macro uncertainty. While geopolitical volatility provides immediate support for energy prices, base metals like copper face a structural supply-demand gap, where committed mine output falls well short of long-term global requirements.

While broader global demand signals remain mixed, supply-side price shocks keep margins strong for low-cost, Tier-1 ASX producers.

Backed by robust balance sheets, these majors are uniquely positioned to maximize outsized earnings and generate strong free cash flow, driving attractive, high-yielding capital returns for shareholders.

Copper Mine Supply Forecasts (Mt)



Source: ICSG, Woodmac, CRU, SMM, Bloomberg NEF, Ember, Rho Motion, LMCA, Macrobond.

Source: BKI, Contact Asset Management.

Focusing on Substance Over Sentiment

Investing in Businesses Producing Earnings Certainty and Solid Yields

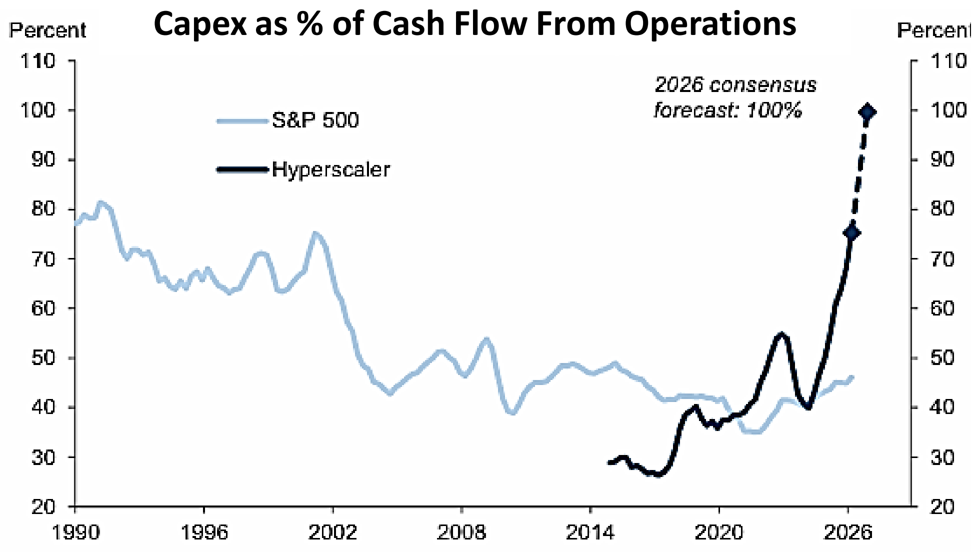
A sharp de-rating is sweeping the Information Technology sector as elevated capital costs place immense pressure on growth assets.

Globally, the market is facing a dual threat with investors aggressively penalising the unproven cash flows of unprofitable disruptors. While massive infrastructure build-outs by mega-cap hyperscalers are heavily compressing free cash flow at the top end of the market.

This dynamic has firmly taken hold in the Australian market. Sentiment toward domestic growth stocks has shifted with investors losing patience with multi-year cash burn and highly capital-intensive business models, triggering a flight to quality.

The market is now heavily favoring high-quality companies that can deliver tangible, near-term returns and reliable dividends to their shareholders.

Source: BKI, Contact Asset Management.



Source: Compustat, Factset, GS Global Investment Research

Focusing on Substance Over Sentiment

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Investing in Businesses Producing Earnings Certainty and Solid Yields

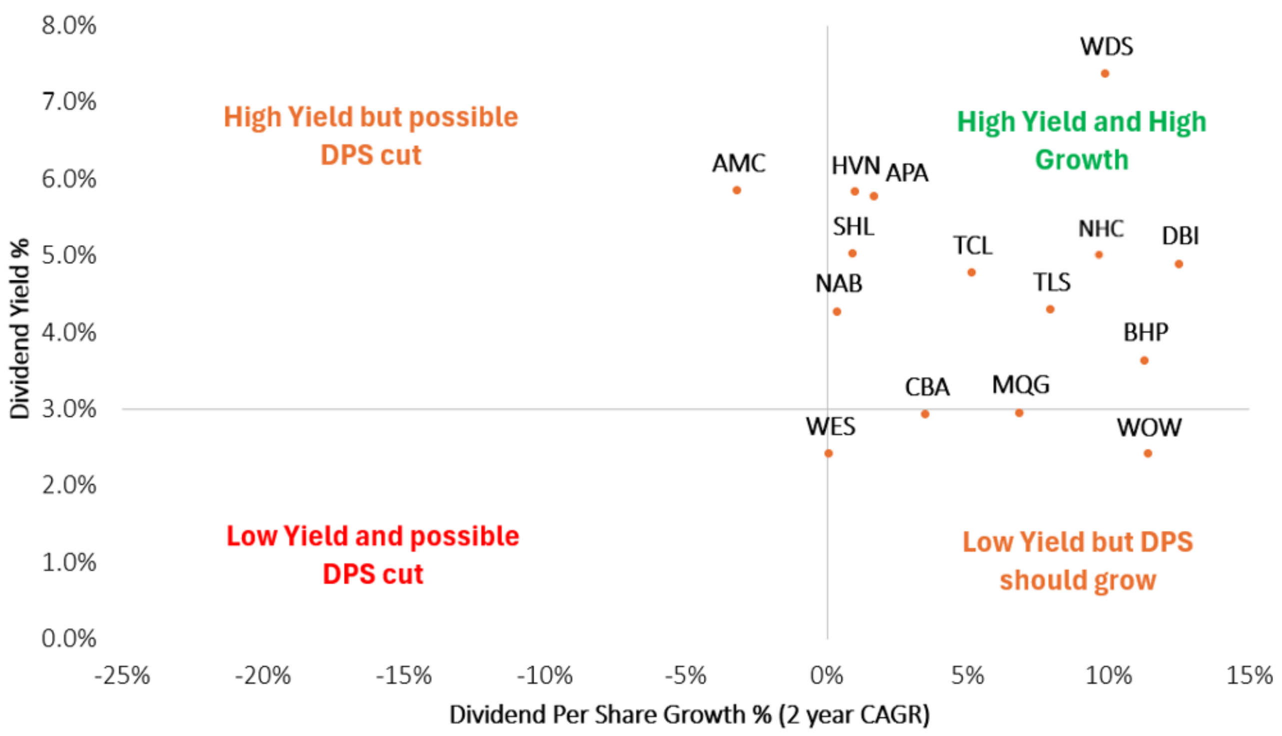
BKI invests in high-quality companies with our portfolio balancing sustainable income and future growth.

Key holdings who should deliver a high yield and future dividend growth include:

- Woodside Energy
- Dalrymple Bay Infrastructure
- APA Group
- New Hope Corporation
- Transurban Group
- BHP Group
- Macquarie Group

This mix of stocks shows our commitment to investing in well-managed businesses capable of providing tangible returns while ensuring long-term dividend expansion.

Relationship Between Dividend Yield and Growth



Source: BKI, FactSet, Contact Asset Management.

FY2026 Federal Budget

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Rediscovering the LIC Advantages

Enhanced Appeal of Fully Franked Income

The proposed replacement of the 50% capital gains tax discount with an inflation-indexation model increases the relative value of fully franked dividends. Because Australia's dividend imputation system remains intact, the certain after-tax value of franked income becomes significantly more attractive to long-term investors. Concurrently, corporate LIC structures can uniquely retain earnings during strong periods to build robust profit reserves, ensuring reliable, smooth dividend payments over time, unlike trust-based ETFs.

Reduced Complexity and Administration

The upcoming federal budget changes introduce complex tax rules, including revised cost bases and transitional arrangements. Investing in a traditional LIC provides immediate diversification and professional portfolio management, shielding everyday investors from the growing regulatory compliance burden and complex capital gains tracking.

Source: BKI, Contact Asset Management.

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info@bkilimited.com.au
+61 2 7251 6242
Suite 302, Level 3, 1 Castlereagh Street, Sydney NSW

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