



2 November 2023

The Manager
ASX Market Announcements
Australian Securities Exchange Limited
Sydney NSW 2000

Revised Chairman's Address to the AGM

Due to a typographical error, the revised Chairman's Address to the AGM is attached.

Authorised by:
Jill Brewster, Company Secretary



CHAIRMAN'S ADDRESS
2023 ANNUAL GENERAL MEETING
2 NOVEMBER 2023

I will commence my address today with the 2023 financial performance of Ironbark Capital Limited. In the 2023 financial year we saw strong performance from the Ironbark portfolio and good financial results despite the inflationary pressures in Australia and globally providing challenging economic conditions.

2023 Financial Results

For the 2023 financial year, the Company reported a profit after tax of \$5.5 million, up from the \$1.4 million achieved in the previous corresponding year. A key component of the result is the change in fair value for the year of the underlying investments, which results in the fluctuation in profit results in any year. The unrealised gains of \$2.2m represented the improvement in valuations for the year and was a key contributor to the good year end result. Realised gains for the year were \$1.7 million, predominantly from sales in the materials, financial services and property trust sectors, and gains from the trading of call options.

The significant rise in interest rates and the addition to the portfolio of unlisted subordinated notes during the financial year contributed to the sharp increase in Hybrid income.

NTA per share after provision for tax on unrealised gains was \$0.559, up 4.9% compared to the previous period.

Investment Performance

For the year to 30 June 2023, the Ironbark portfolio returned 13.7% inclusive of franking credits, outperforming the Benchmark (1 year swap + 6%p.a.) by 3.9%. This was a very positive result with performance achieved with a portfolio that has a lower volatility than the market. The performance over 3 years of 11.3%p.a. and over 7 years of 8.5%p.a. inclusive of franking credits, exceeds their benchmark returns and has been achieved in disruptive and uncertain economic times.

The performance highlights the impact on valuations of the increasing share market volatility and changing economic conditions, and reflects the Investment Manager's ability to manage through challenging times. The absolute return and income emphasis includes the writing of call options.

Dividends

Corporate earnings and the higher fully franked hybrid distributions supported the payment of 2.35 cents per share fully franked dividends in the financial year. The current dividend yield, grossed up for franking is an attractive 7.2%.

Capital Management

In November 2021, the Board advised it was reviewing the off-market buy-back in terms of its effectiveness in narrowing the discount of the share price to NTA. I also said that shareholders should not automatically assume an off-market buy-back at around NTA in the future as shareholder approval for such actions is required. Following that review, in June 2022 the Board resolved to undertake an on-market buy-back for up to 10% of the capital in a 12 month period, after having regard to the minimum scale required for an efficient listed investment company operation.

In July 2023, as part of the Company's capital management program, the Company extended its on-market share buy-back for up to 10% of the Company's shares over the next 12 months. The on-market buy-back is earnings per share accretive to all shareholders and the Investment Manager has been instructed to buy back the shares during prolonged periods of share price volatility, where there is a significant discount to underlying NTA. Since September 2022, 642,000 shares have been bought back for an average price of 45.5 cents per share.

Board Renewal

In the last financial year, Mr Neal Hornsby was appointed to the Board as a Non-Executive Director. At the conclusion of this Annual General Meeting, Mr Ian Hunter will retire from the Board after more than 20 years of service. Ian has also served as Chairman of the Audit Committee over many years. On behalf of the Board, I would like to express my sincere gratitude to Ian for his diligence, insights and valuable contribution as Director.

Neal Hornsby joined the Board in August 2023 as a non-executive Director, and is introduced to you today. Neal is a director and principal consultant of DRISK Consulting Pty Limited which provides services in risk management and compliance to the financial services industry including fund managers and listed entities.

The Board will continue to maintain a majority of independent directors in accordance with its Corporate Governance Charter.

The Outlook

For the first quarter of this financial year, the Ironbark portfolio returned a positive 1.1%. In comparison, the S&P/ASX 300 Accumulation index fell to -0.8%.

To date the Australian economy has been fairly resilient, however in the ensuing period we will see the impact of inflation and higher interest rates on the consumer and businesses. This will impact growth over the short to medium term. Inflation whilst moderating is still above central bank targets. To add to the mix is the global uncertainty from the widening conflict in the Middle East and these ongoing geopolitical events will contribute to volatile and uncertain times ahead.

On a positive note, the Ironbark portfolio with no debt and quality stocks remains positioned to deliver fully franked dividends and satisfactory returns within an acceptable risk profile. The hybrid portfolio distributions will continue to benefit from any further lift in official interest rates as part of the monetary policy response to dampen inflation.

On behalf of the Board, I would like to thank our loyal shareholders and welcome our new shareholders.

This concludes my address, and I will now hand over to Doug Hew who will discuss the investment performance and the outlook for equity markets on behalf of the Investment Manager.

Michael Cole AM
Chairman