



ABN 52 126 450 271

19 November 2020

Chairman's AGM Address

On behalf of my fellow Directors, I am pleased to welcome you to this meeting, my eighth as Chairman, and to provide you with this address today.

I am pleased to report our Company recorded a positive financial result over a tumultuous FY2020.

To recap the 2020 financial year results:

- OZgrowth Limited recorded net income of \$3.1 million, versus a net loss after tax of \$5.3 million in the previous year;
- The underlying portfolio return was positive 7.0% for the year. This figure is quoted before allowance for fees and taxes to allow comparison to broader equity market benchmarks.
- The portfolio's annualised return to end October 2020 on a similar basis since inception of our investment activities in 2008 stands at 8.7%, versus a comparative annualised return of 0.5% per annum for the Small Ordinaries Accumulation Index;
- We paid fully franked dividends of \$2.1 million in respect of the period, representing 0.6 cents fully franked per share; and
- Net assets of the Company closed at \$71.4 million, or 20.2 cents per share after tax.

Since inception in 2008, we have now returned 11.4 cents per share to shareholders by way of fully franked dividends, totalling \$42 million. With the addition of franking credits, this number grosses up to approximately \$60 million, or 16.3 cents per share.

The last 12 months has been a period where the saying 'cooler heads prevail' has been in the forefront of our minds. Therefore, I would like to thank our team on behalf of all shareholders for their efforts during a very intense time. At the height of the panic in March when it appeared that all and any shares were for sale as the market farmed for cash we were able to keep calm and focus on what we do, find the best in the West.

To date in FY2021, the market and our portfolio has benefitted from accommodative monetary and fiscal policy, and more recently, increased optimism on the prospect of finding a healthcare resolution for the COVID pandemic. As at 17 November 2020, I am pleased to report the Ozgrowth investment portfolio has increased by 26% since 30th June 2020. In comparison, the All Ordinaries Accumulation Index has risen 13%, while the ASX Small Resources Accumulation Index has increased by 9%.

To date, Western Australia has proven to be the lucky State in the lucky Country. The swiftness and ease with which our borders were secured has allowed life to continue close to normality post the initial lockdown period. Booming commodity prices and project expenditure have boosted the coffers of the State Government and many companies in WA. These conditions have also softened the impact of the economic slowdown on the local labour market.

The ructions in the global Economy over the last nine months and ensuing liquidity pumped into financial markets has ensured a ready supply of investment opportunities for your Company to assess. It has been a volatile but rewarding time to be investing in the share market, and we remain confident of continuing to generate positive investment returns for shareholders. The biggest question currently arising from this massive pandemic driven liquidity wave is how quickly it pushes up inflation and what this means for interest rates, commodity prices and, ultimately, how our investment portfolio should be positioned.

Your Board remains highly committed to the philosophy of identifying small capitalisation, growth focused investment opportunities from its base in WA. This is reflected in an average market capitalisation of portfolio investment companies of approximately \$200m. Furthermore, we remain dedicated to delivering a consistent stream of dividends to our shareholders. Accordingly, the Board has announced a target dividend for the current financial year of 0.6 cents fully franked per share.

Finally, as always, I would like to encourage all shareholders to make use of our enhanced channels to interact with our Company. We have a range of opportunities to get up to date information on our activities, including monthly video updates, weekly email news and an informative website. You are also always welcome to contact the team directly with any queries you may have.

I would like to thank you again for your continued support and I look forward to providing further updates throughout the year.

Thank you.

Jay Hughes
Non-Executive Chairman