



20 August 2020

ASX Market Announcements Office  
Australian Securities Exchange Limited

Dear Sir/Madam

**ASX Market Announcement**

In accordance with the ASX Listing Rules, Integrated Research Limited (ASX: IRI) encloses for release to the market:

- FY2020 Financial Year Results

to be followed by release to the market of:

- FY2020 Financial Results Briefing.

By authority of the Board

David Purdue  
Company Secretary  
Integrated Research Limited  
ABN: 76 003 588 449



## Integrated Research Limited 2020 Financial Year Results

**Sydney, Australia, 20 August 2020** – Integrated Research (ASX:IRI) the leading global provider of user experience and performance management solutions for Unified Communications, Payments and IT Infrastructure today released its results for the financial year ended 30 June 2020.

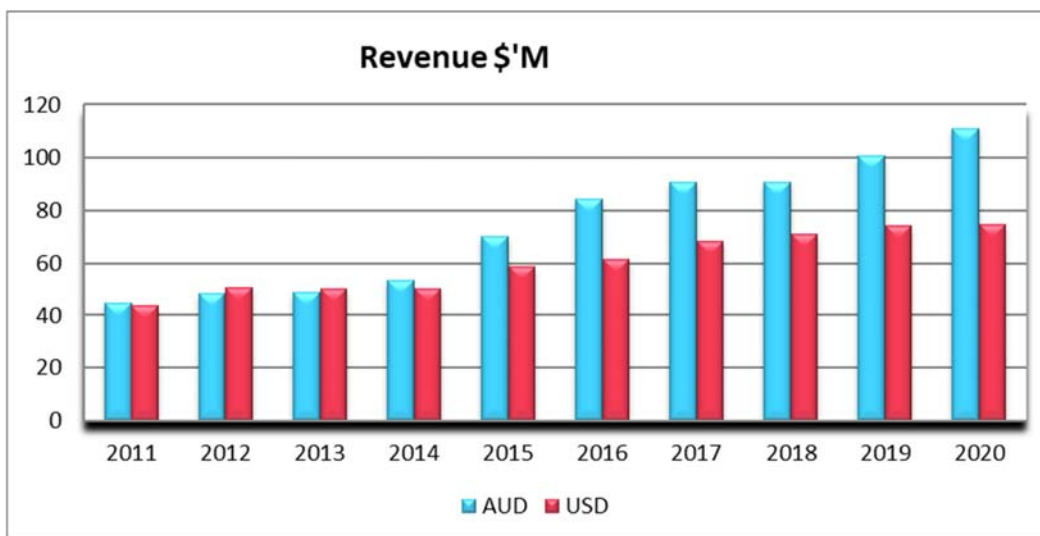
The Company is pleased to report its 7th consecutive year of annual profit growth. The Company achieved a profit after tax increase of 10% over the previous financial year to \$24.1 million. The result is at the top end of the guidance provided to the ASX on 17 July 2020. Supporting this result, new licence sales increased by 15% to \$72.1 million and total revenue increased by 10% to \$110.9 million.

Revenue performance was as follows:

- Unified Communications and Contact Centre (UC) increased by 17% to \$59.8 million
- Infrastructure, which includes HP-Nonstop, increased by 9% to \$28.7 million
- Payments decreased by 14% to \$13.8 million
- Professional services increased by 17% to \$8.6 million

Paul Brandling, Chairman of Integrated Research said, “IR has again delivered strong financial results for 2020 in a tumultuous global environment. Our solutions have become even more relevant to enterprise customers and we believe the structural changes in market dynamics are an opportunity for the Company. We continue to invest in research and development to accelerate innovation and expand IR’s value proposition for customers across the globe.”

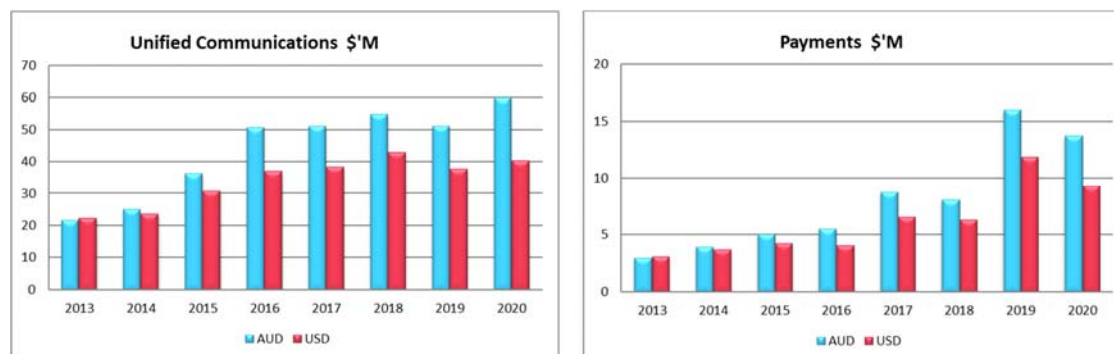
Over 95% of the Company’s revenue was derived outside of Australia. The following chart highlights the Company’s revenue growth in both Australian and US currencies for the last ten years.



Some of the more significant sales during the year came from major brands such as ANZ Bank, BT, DXC, GlaxoSmithKline, JP Morgan, NTT (formerly DiData), and Woolworths.



John Ruthven, Chief Executive Officer said, “The 2020 annual performance is a testament to the resilience of the business model. The step change in remote working, cashless transactions and the transition to SaaS are key drivers for our growth. We are confident in our strategy and our innovation agenda will capitalise on these opportunities.”



Unified Communications (UC) revenue grew 17% over the prior year to \$59.8 million with growth sourced through a strong renewal cycle with additional capacity sales on both the Cisco and Avaya platforms. New business licence sales of \$5.8 million were achieved for the year with 29 new customers added to the fold. Licence sales to Microsoft Skype for business customers were down against the prior year with further customer migration to Microsoft Teams. Whilst fourth quarter sales faced some headwinds, overall results were solid. Importantly, customers continued to buy Prognosis solutions through this period and the pipeline going into FY21 is up on the prior year.

After achieving a near doubling of revenue in FY19, Payments revenue decreased by 14% over the prior year to \$13.8 million. The compound annual growth rate across the last five years remains high at 22% demonstrating the underlying trend remains on a growth trajectory. There were nine new customers added over the year facilitating an increase in the baseline for future growth. Existing customers who renewed their Prognosis solution typically added capacity together with additional modules, demonstrating their commitment to the product.

Infrastructure revenues increased by 9% to \$28.7 million and were underpinned by the large JP Morgan transaction that closed in March. Licence transactions sold during the year were closed on a multi-year term basis with maturities ranging from three to five years.

The Company continues to invest in its future with gross spending on research and development rising 19% to \$22.5 million, representing 20% of revenue (FY19:19%). The key achievement was the completion of the SaaS platform that will support the launch of new products in FY21.

Total expenses were up 7% to \$78.2 million with an appropriate focus on costs in the fourth quarter following the on-set of the COVID-19 pandemic. Total staff numbers finished the year at 266 (FY19: 270).

The Company’s margins remain strong. The Company’s EBIT margin (measured as EBIT/revenue) was 28% compared to 29% for the previous year. The Company’s NPAT margin (measured as NPAT/revenue) was 22% compared to 22% for the previous year.

IR does not provide forward guidance. Unprecedented global volatility and the unpredictable nature of the pandemic mean that agility and execution are critical. The Board remains confident in the future for the Company.



The table below summarises the Company's key revenue, expense and profit results compared to the previous corresponding period:

Financial result highlights (\$'000)	FY2020	FY2019	Change
Revenue from licence fees	72,098	62,774	15%
Revenue from maintenance fees	23,945	24,995	(4%)
Revenue from SaaS fees	697	669	4%
Revenue from testing solution services	5,543	4,995	11%
Revenue from professional services	8,630	7,387	17%
<b>Total revenue</b>	<b>110,913</b>	<b>100,820</b>	<b>10%</b>
Research & development expenses (net)	17,388	17,888	(3%)
Sales & marketing expenses	54,560	49,787	10%
General and administrative expenses	6,232	5,557	12%
<b>Total expenses</b>	<b>78,180</b>	<b>73,232</b>	<b>7%</b>
Other gains/(losses)	(1,868)	1,312	
<b>Earnings before interest and tax</b>	<b>30,865</b>	<b>28,900</b>	<b>7%</b>
<b>Net profit before income tax</b>	<b>31,471</b>	<b>29,647</b>	<b>6%</b>
<b>Net profit after income tax</b>	<b>24,054</b>	<b>21,851</b>	<b>10%</b>

## Dividends

Directors have declared a final dividend of 3.75 cents per share franked to 100 per cent. This takes the total dividend for the year to 7.25 cents per share, in-line with the prior year. Integrated Research maintains a strong financial position with a net cash position at 30 June 2020 of \$4.7 million.

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**About Integrated Research (ASX:IRI)** – Integrated Research (IR) is the leading global provider of user experience and performance management solutions for payments transactions and collaboration systems. We create value through our real-time, scalable & extensible hybrid cloud platform and our deep domain knowledge to optimize operations of mission critical systems and improve user experience through intelligent and actionable insights. We enable many of the world's largest organizations to simplify complexity and provide visibility over systems that millions of people can't live without – systems that allow them to transact and collaborate. For further information on IR, visit [www.ir.com](http://www.ir.com).

