MARKET RELEASE

Integrated Research Limited 2024 Financial Year Results

Sydney, Australia, 20 August 2024 – Integrated Research (ASX:IRI) a leading global performance management and analytics provider for unified communication and collaboration, IT infrastructure, and payment ecosystems, today released its results for the financial year ended 30 June 2024.

Key points:

- The Total Contract Value (TCV) of contracts signed during the period was up 22% compared to the previous corresponding period (pcp)
- Strong contributions from Transact and Infrastructure, offset by Collaborate churn and strong performance from the Americas
- Net profit after tax (NPAT) of $27.1 million, up 193% on pcp
- Cash at bank increased by 72% to $31.9 million as of 30 June 2024 on pcp
- Final dividend declared of $0.02 per share, fully franked
- Appointment of Ian Lowe as CEO to lead product-led growth strategy from 1 October 2024

TCV for the 12 months to 30 June 2024 was $83.9 million, a 22% increase over pcp. This was at the top end of the guidance range provided by the Company on 16 July 2024.

Statutory revenue for the period was $83.3 million, up 19% on pcp, assisted by a strong renewals year and improved services revenue. Statutory EBITDA was up 103% to $24.6 million, assisted by growth in revenue and a 18% reduction in total operating costs. The Company reported NPAT of $27.1 million, a 193% increase in comparison to the pcp. Income tax was a net benefit of $0.4 million, as tax expense was offset by current and brought forward R&D credits and recognition of previously un-recognised deferred taxes. Excluding brought forward offsets, the Company's effective tax rate would have been 22.2%. The Company reported no impairment charges during the period.

Pro forma revenue decreased by 1% to $74.8 million on the pcp. Pro forma EBITDA was down 5% to $16.7 million.

A reconciliation of revenue to pro forma revenue and NPAT to EBITDA and pro forma EBITDA is provided at the end of this market release.

Commenting on the results, John Ruthven, Chief Executive Officer said, "This past year has been a period of significant growth and strategic progress for the Company. We achieved a 22% increase in TCV, driven by exceptional performances from our Transact and Infrastructure segments, but also new client wins within Collaborate, offsetting the challenges with our smaller clients. This growth was particularly strong in our largest market, the Americas, where we saw a 71% increase in Product TCV, and reflective of our strategic focus of targeting larger clients, operating complex ecosystems and delivering value to these customers.

"Our financial position has also strengthened considerably, with cash at the bank increasing to $31.9 million. This improvement was a direct result of our increased profitability, focus on operational efficiency, rigorous cost management, and a disciplined approach to cash collections. As we move forward, the Company is well-positioned to capitalise on these strong foundations to drive future growth and continue delivering for our stakeholders. As such, it is pleasing to report the Board declared a dividend of $0.02 a share, fully franked.

"Looking ahead, the Company is set to embark on a new chapter under the leadership of Ian Lowe, who will take over as CEO in October 2024. With his experience in leading high-growth product led technology businesses, I am confident that Ian will build on the momentum we've created and guide the Company to even greater achievements. I remain committed to ensuring a smooth transition and am optimistic about the Company's prospects in the coming years".

Transition of CEO

On 7 August, the Board confirmed the appointment of Ian Lowe as the new CEO, effective 1 October 2024. Ian brings a wealth of experience and a proven track record in driving growth and consolidating high-performance technology companies. His expertise will be invaluable as we embark on this new chapter.

To ensure a smooth transition, John Ruthven will continue in his role as CEO through the first quarter of FY25, overseeing an orderly handover to Ian at the beginning of the second quarter. The Board extends its gratitude to John for his dedication and significant contributions over the past five years, and particularly the last few years, which have positioned the Company for future success.

FY25 Priorities & Observations

Our key priorities and strategic focus for FY25 will be:

- Refocus go-to-market and customer support on a narrow set of high-value, ideal customers to optimize growth and reduce churn
- Target product and engineering on fewer, high-yield product extensions, for product-led growth in existing markets
- Restructure the organization in support of these priorities, and yield cash and resources for growth
- Implement capital management plan to invest cash in innovation to diversify organic revenue, targeted M&A for fresh inorganic growth and shareholder returns

Having commenced FY25, Integrated Research makes the following observations regarding the current trading year:

- Renewals book is softer to the prior year and is weighted towards H2 FY25. Renewals skewed modestly towards Transact and Infrastructure clients
- Collaborate churn expected to persist as clients migrate to a full SaaS environment
- Current new business & upsell pipeline is up on pcp, weighted to Collaborate. Increased focus on targeting larger enterprise customers across all products and geographies
- The effective tax rate is expected to normalise in FY25 given brought forward R&D tax credits utilized in FY24

Reconciliation of Revenue & Pro forma Revenue and net profit after tax (NPAT) to EBITDA & Pro forma EBITDA

	2024	2023
Revenue	**83,292**	69,828
Term licence fees recognised upfront	(58,860)	(45,267)
Amortised licence fees	50,321	51,075
Pro forma Revenue[1]	**74,753**	**75,635**
Net Profit after Tax (NPAT)	**27,130**	**(29,226)**
Income tax benefit	(416)	(71)
Finance Income	(2,225)	(2,175)
Depreciation & Amortisation	112	11,787
EBITDA[2]	**24,601**	**(19,685)**
Impairment	-	31,778
Cost deferral related to over time revenue	671	(373)
Over-time revenue conversion	(8,539)	5,807
Pro forma EBITDA[3]	**16,733**	**17,527**

[1] Pro forma revenue provides a non-statutory alternate view of underlying performance by restating term licence fee revenue to be on a recurring subscription basis (i.e., overt time), rather than upfront at the commencement of a contract, per the statutory view. Other recurring revenues such as maintenance fees and cloud services, as well as other non-recurring revenue streams such as perpetual licence fees, professional services and one-time testing services are consistently treated, as part of proforma and statutory revenue views.

[2] EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) is a non-IFRS measure used to evaluate the Company's operating performance by focusing on profit from core operations and excluding the effects of capital structure, tax rates, and non-cash accounting items like depreciation and amortisation.

[3] Pro forma EBITDA is an alternative non-IFRS measure calculated as proforma revenue less expenses (variable compensation adjusted in line with pro-forma revenue) and other gains excluding interest, tax, depreciation, amortization and Impairment expenses.

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About Integrated Research (IR)

IR is a leading global performance management and analytics provider for unified communication and collaboration, IT infrastructure and payment ecosystems. With a global enterprise customer base in over 52 countries who rely on IR solutions to connect people, global economies or the world. IR simplifies complex data streams, provides actionable insights and ensures business continuity of critical systems. To learn more about the organization, please visit ir.com