



25 November 2024

ASX Market Announcements Office  
Australian Securities Exchange

**2024 Annual General Meeting**

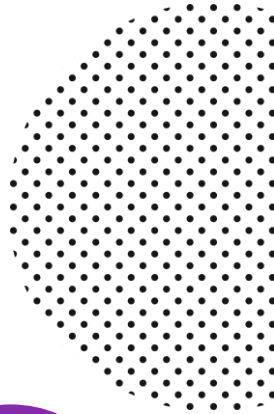
Integrated Research Limited (ASX: IRI) re-submits its presentation for today's Annual General Meeting. There was an error on slide 7 of the presentation, which has now been corrected.

By authority of the Board.

Will Witherow  
Company Secretary  
Integrated Research Limited  
ABN 76 003 588 449

# Integrated Research Limited (ASX: IRI) FY2024 Annual General Meeting

25 November 2024





# Disclaimer

## SUMMARY INFORMATION

This document and the associated transcript (together “the presentation”) has been prepared by Integrated Research Limited (ABN 76 003 588 449) (IRI). The presentation provides general background information about IRI's activities current at the date of preparation. IRI is not responsible for updating, and does not undertake to update, the presentation. It contains information in a summary form and does not purport to be complete. It should be read in conjunction with IRI's other announcements released to ASX (available at [www.asx.com.au](http://www.asx.com.au)).

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## FINANCIAL INFORMATION

All dollar values are in Australian Dollars (A\$) unless stated otherwise. All financial information is presented in respect of the year ended 30 June 2022 unless stated otherwise. The presentation contains certain non-IFRS financial measures that IRI believes is relevant and appropriate to understanding its business. The presentation uses proforma subscription revenue, which is used consistently without bias year on year for comparability and to present a clear view of underlying results. The basis of preparation and a reconciliation to statutory results is provided in the appendix to this presentation. A number of figures, amounts and percentages in the presentation are subject to the effect of rounding.

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The presentation contains certain “forward-looking statements”. The words “anticipate”, “believe”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “should”, “could”, “may”, “target”, “plan” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. While due care and attention has been used in the preparation of forward-looking statements, they are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other factors, some of which are beyond the control of IRI, that may cause actual results, conduct, performance or achievements to differ materially from those expressed or implied in such statements. There can be no assurance that the actual outcomes will not differ materially from these statements. You are cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19. Neither IRI nor any other person gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in the presentation will actually occur. All forward looking statements in the presentation reflect views only as at the date of this presentation. Except as required by applicable law or the ASX Listing Rules, IRI disclaims any obligation or undertaking to publicly update any forward-looking statements, whether as a result of new information or future events or otherwise.

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# How to ask a Question?

- To ask a written question select the Q & A icon
- Select the topic your question relates to from the drop-down list
- Type your question in the text box and press the send button
- To ask a verbal question, follow the instructions below the broadcast window

The screenshot shows a user interface for asking a question. At the top, there are four navigation tabs: 'Broadcast' (with a monitor icon), 'Vote' (with a document icon), 'Q & A' (with a speech bubble icon and a purple underline), and 'Documents' (with a folder icon). Below the tabs is a large text input area with the placeholder text 'Your question(s)'. Underneath this area is a smaller text box with the instruction 'You may enter a question using the field below.' followed by a dropdown menu labeled 'Select Topic'. Below the dropdown is another text input field with the instruction 'Questions are limited to 2000 characters.' and a 'Send' button to its right. The character count '0 character(s)' is displayed at the bottom right of the input field.

# How to Vote?

- When the poll is open, select the vote icon at the top of the screen
- To vote, select either For, Against or Abstain
- You will see a vote confirmation
- To change or cancel your vote “click here to change your vote” at any time until the poll is closed

The screenshot shows a web interface for voting. At the top, there are four navigation icons: a monitor for 'Broadcast', a document with a checkmark for 'Vote' (which is highlighted with a purple underline), a speech bubble for 'Q & A', and a folder for 'Documents'. Below the navigation is a grey header bar with the text 'Items of Business'. The first item is '2A Re-elect Mr Sam Sample as a Director'. Below this item are three buttons: 'FOR', 'AGAINST', and 'ABSTAIN'. The 'FOR' button is highlighted with a purple border. Below the buttons is a horizontal line. The second item is '2B Re-elect Ms Jane Citizen as a Director'. Below this item is a green checkmark icon, followed by the text 'We have received your vote For' and a link 'Click here to change your vote.'.



# Chair's Address

Peter Lloyd

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# CEO Address

Ian Lowe

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# FY24 Key Highlights

A year of strong financial performance and people / strategy reset, designed to drive growth

## Strong Financials

TCV up 22%  
Revenue up 19%  
NPAT up 963%\*

## Robust Growth in Americas

Americas TCV up ~70%  
Europe TCV down ~25%

## Reset For Product Led Growth Strategy

Focus on customer led innovation and M&A initiatives

## Board Refresh

Growth oriented Board appointed

## Balance Sheet Flexibility

Net cash of \$31.9m to assist in driving growth strategy

## Re-instated Dividend

Declared 2.0 cents per share, fully franked, dividend

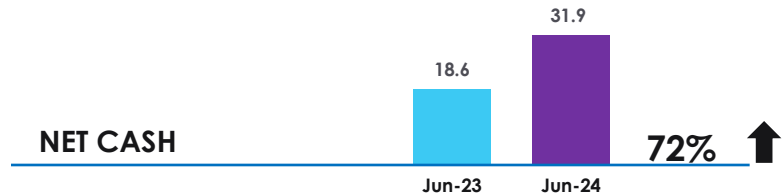
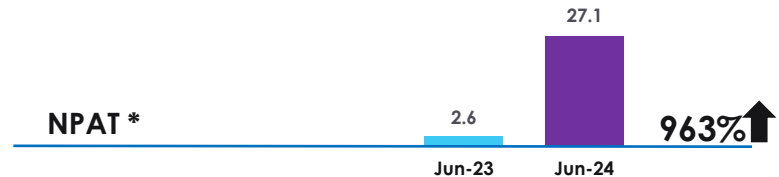
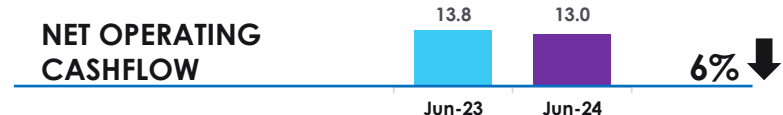
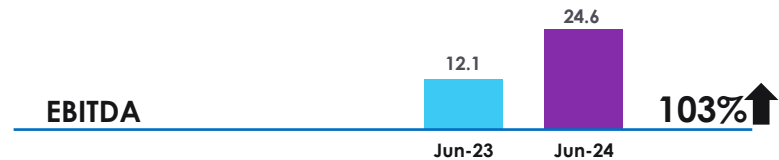
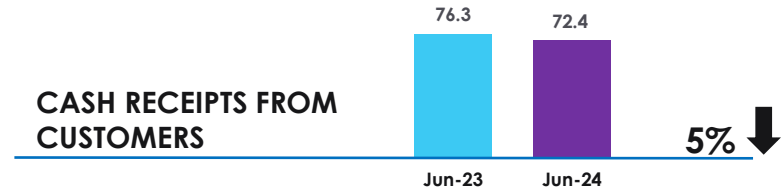
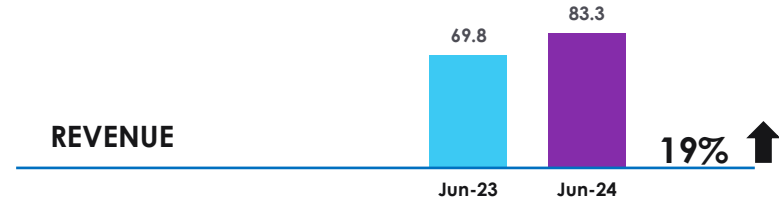
\*Jun-23 NPAT excludes \$31.8M impairment of goodwill and intangible assets





# Full-Year Performance Review: Statutory (A\$M)

Improving market dynamics and prudent cost management drives profits

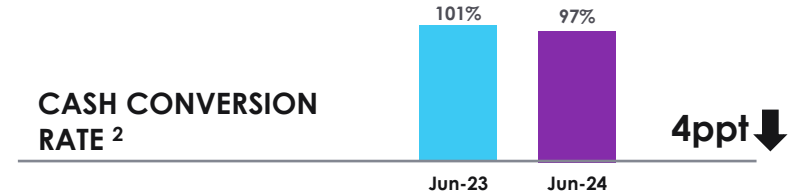
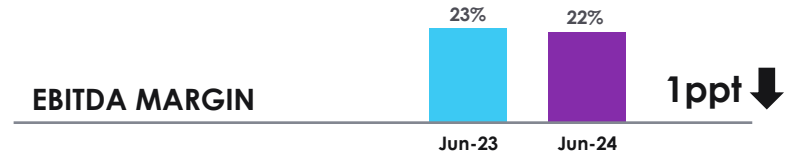
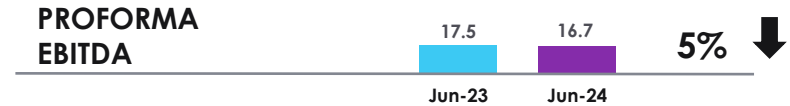
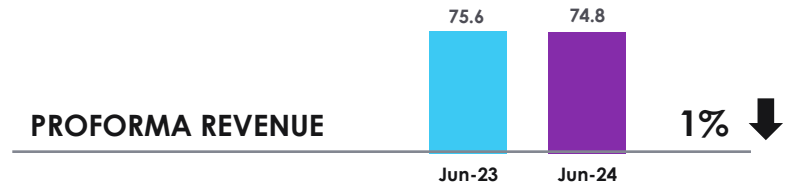
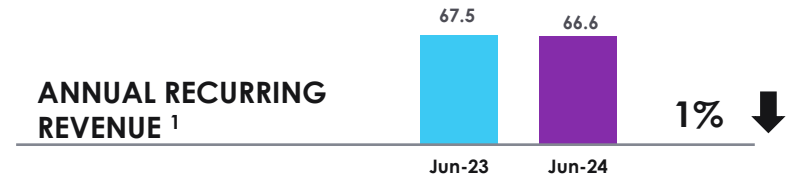
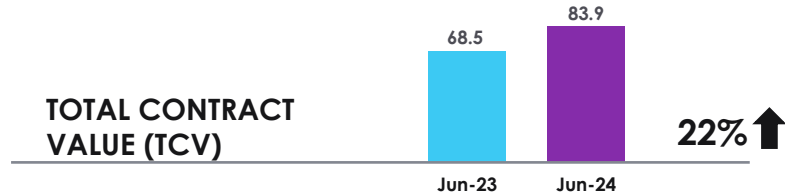


\*Jun-23 NPAT excludes \$31.8M impairment of goodwill and intangible assets



# Full-Year Performance Review: Proforma (A\$M)

Strong year for renewals



Note: Proforma revenue is a non-statutory alternate view of term licence and maintenance revenue (unaudited); refer to appendix for calculations

1. ARR (Annual Recurring Revenue) means monthly recurring revenue as of 30<sup>th</sup> of June multiplied by 12

2. Cash conversion rate equals cash receipts divided by proforma revenue

# Capital Management and Dividend



IR's Capital Allocation Priorities:

## 1. Invest in innovation:

- Allocate up to an additional 10% of TCV annually to product innovation for new revenue streams
- M&A considered if right-sized, synergistic, in growth markets and supportive of product strategy
- Targeting 3 – 5-year payback

## 2. Contingency Reserves:

- Maintain adequate working capital to support day-to-day operations and manage cash needs

## 3. Shareholder returns:

- Board declared a \$0.02 dividend, fully franked
- Dividend policy as a minimum 25% of Free Cash Flow (with Board discretion), to provide flexibility & sustainability

# IR operates in the Observability market



## What is 'Observability'?

Real time observation of critical technology & infrastructure performance, including:

- Log management
- Application performance monitoring
- Infrastructure monitoring

Use cases include:

- Performance management/optimisation
- Security
- Compliance

The market is moving:

- Data driven technology such as Machine Learning & AI is opening up a new wave of innovation
- Enterprise clients are looking for new products that create new value

# IR's Observability Offering



powered by **Prognosis**

## Collaborate



Enterprise UC  
Contact Center  
Service Provider

## Transact



Cards  
High Value Payments  
Real-Time Payments

## Infrastructure



NonStop

# Global, blue chip client base

Long-term, high value relationships based on mission critical solutions



## Tech | Telco



5/10 top telcos

## BFSI



6/10 top USA banks

## Health | Gov | Edu



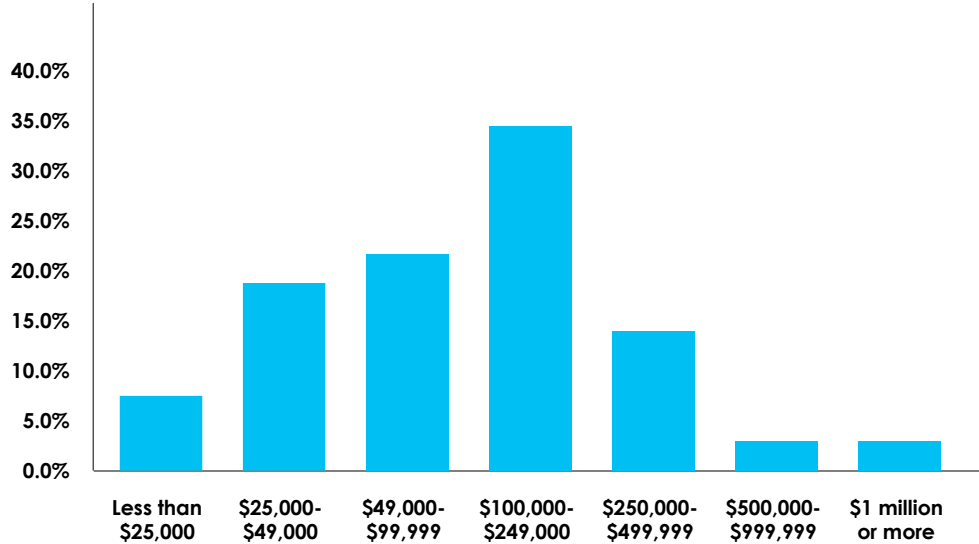
5/25 Fortune 500 top companies

## Retail | Industrial | Other



5/20 largest Australian companies (market cap)

# Observability is a non-discretionary item

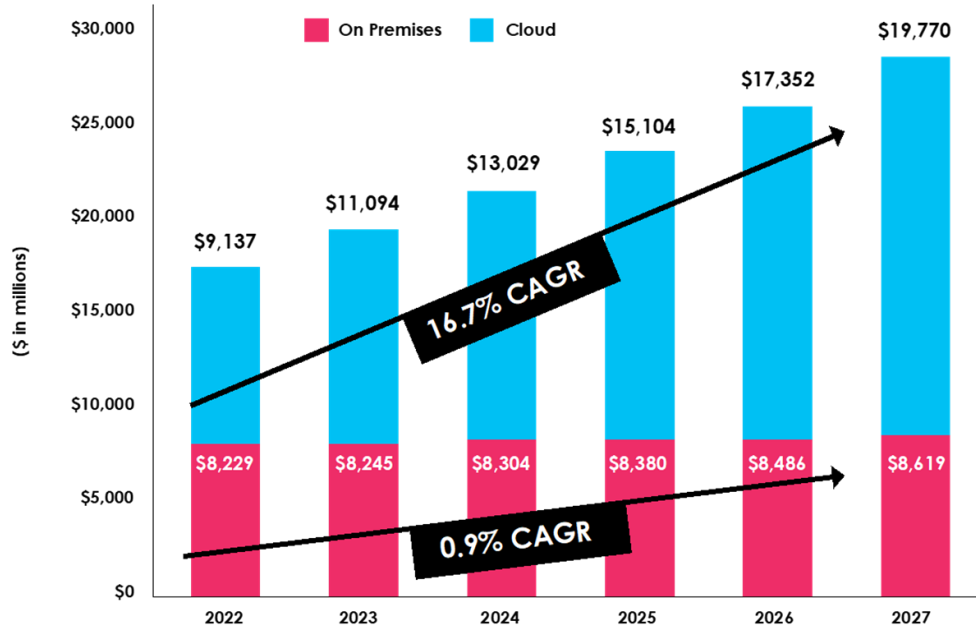


- For approximately 53% of revenue generating services, the cost for 1 hour of critical infrastructure downtime is greater than USD \$100k

Source: IDC and William Blair Equity Research

# Observability is a large and growing market...

(USD investment in Observability solutions)

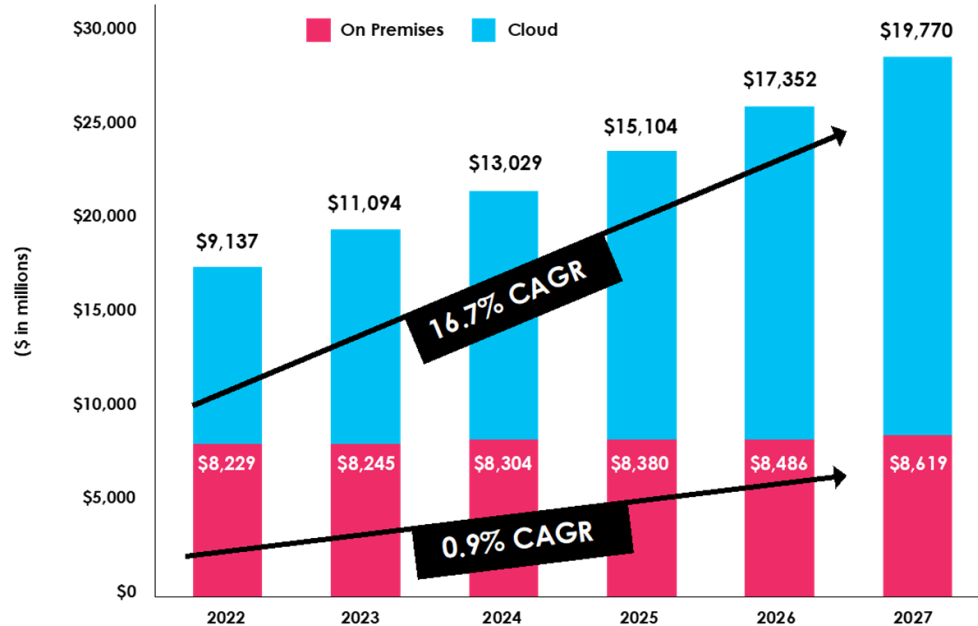


Source: IDC and William Blair Equity Research

- Adoption of cloud based solutions is driving market growth
- On-Premises remains a large market and holding ground
- **Enterprise clients are moving to a hybrid model: combination of on-premises + cloud**
- IR provides both on-premises and cloud solutions



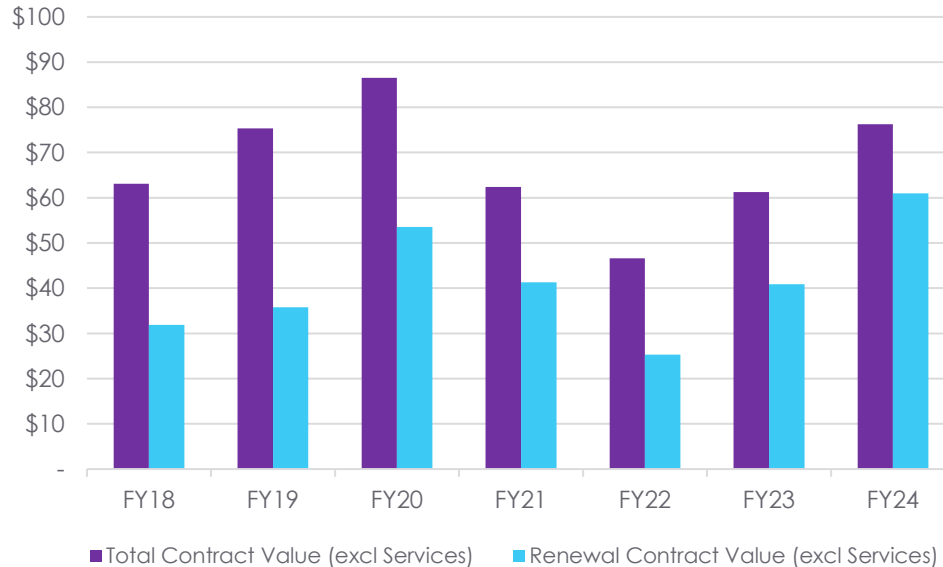
# IR provides solutions for both the on-premises and cloud segments...



Source: IDC and William Blair Equity Research

- IR offering is well differentiated in the low growth 'on-premises' segment, but not well differentiated in the high growth 'cloud' segment
- Clear product differentiation aligned to the high growth cloud segment best positions the company for growth
- The market is evolving: enterprise clients are looking for new products to extract new value from their Observability data

# Growth in non-renewal revenue is central to sustained growth



- YOY revenue contribution from contract renewals is variable, and was significant in FY24.
- New products aligned with the high growth cloud segment:
  - Maximises our growth opportunity
  - Differentiates our cloud offering

# What does it mean..?



## We need to evolve for growth.

- Generate new revenue by creating the new products we know enterprise clients need:
  - New revenue from existing clients
  - New revenue from new clients
  - Clearly differentiate our cloud based offering
- Focus the sales approach:
  - Target **enterprise** clients that meet our ideal client profile (ICP): enterprises of 10,000+ seats managing a hybrid technology ecosystem (on-prem + cloud)

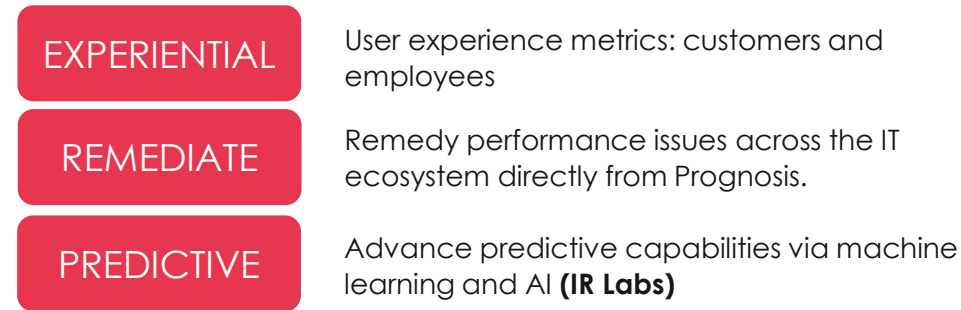
# Evolve our value proposition with new products & capabilities



## Current State → Future State

- What is going wrong in my technology ecosystem?

- What does it mean for my customers and my employees?
- What can I anticipate might go wrong in the future and how do I avoid it?
- I've identified the problem, how do I fix it?



# Leveraging existing assets

- Utilise the data, IP and expertise we already have
- IR Labs capability (Machine Learning & AI)
- Global, blue chip client base
- Global sales organisation

powered by **Prognosis**

**IR Labs**

## Collaborate



Enterprise UC  
Contact Center  
Service Provider

## Transact



Cards  
High Value Payments  
Real-Time Payments

## Infrastructure



NonStop



Big Data, Real Time  
Machine Learning  
AI

## In Summary...



- Observability is a large and growing market opportunity (\$28B by 2027)
- IR has a proven, established offering and a global blue chip client base
- Generate more new client revenue by creating new capabilities
- Continue to focus the sales approach (ICP)
- Modernise & simplify
- Management discipline: execute within the existing budget framework

# FY25 Priorities & Observations



- New product capabilities to launch in 2H FY25 and ongoing
- Innovation via IR Labs to accelerate
- Value of FY25 contract renewals softer than FY24 and weighted to 2H
- Targeting improving renewal rate for Collaborate, to wash through off the back of focus on ICP
- Value of sales pipeline attributable to new clients/revenue expected to continue to lift
- Revenue contribution from new clients/revenue to improve in line with the current sales cycle
- The effective tax rate is expected to normalise in FY25 given brought forward R&D tax credits utilised in FY24

# Our strengths are considerable...



- Foundational elements of IR's business remain critically valuable:
  - **Independence:** IR is a specialist monitoring technology provider, not a vendor
  - **Aggregation:** the Enterprise technology supply chain is becoming more fragmented and more complicated - IR aggregates multiple vendors into a single view encompassing on-premises and cloud based solutions
  - **Vendor agnostic:** IR remains vendor agnostic, compatible with dozens of global technology vendors including those with the largest market share
- IR has market leading knowledge and expertise (we can execute)
- IR has a superior client register (we are trusted)



## Vision...



To become the world's leading independent provider of business critical technology & infrastructure intelligence.



# Peter Lloyd

Chair

**Ladies & Gentlemen: Voting is Now Closed**

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**<end>**

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# Glossary



Annual Recurring Revenue (ARR)	equals to the monthly recurring revenue at the end of the period multiplied by 12.
Cash conversion rate	equals cash receipts divided by proforma revenue.
Customer retention	equals the opening customer count for the reporting period less customers who are deemed to cease purchasing from IR in the reporting period; this total is then divided by the opening balance and presented in percentage terms.
Proforma subscription revenue	provides an alternate view of underlying performance by restating term licence on a recurring subscription basis (i.e., over time) plus other recurring revenues such as maintenance fees and cloud services. Note: the current statutory model recognises licence fee revenue upfront at the commencement of the contract.
Net revenue retention	equals recurring revenue generated from existing customers over a set period.
Proforma revenue	equals proforma subscription revenue <u>plus</u> other non-recurring revenue streams such as perpetual licence fees, professional services and one-time through testing services
Total Contract Value (TCV)	means the total value of a revenue generating contract written in the period of performance less any residual value from a previous related contract. The value includes software licence and related maintenance, cloud, testing and consulting services bookings.
Capacity sell	existing products sold to existing customers due to increase in usage, sometimes referred to as upsell.

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# Full Year proforma subscription revenue

Reconciliation of statutory to proforma revenue



Full Year Revenue	2021	2022	2023	2024	2021	2022	2023	2024
	A\$M	A\$M	A\$M	A\$M				
Infrastructure	18.3	17.8	18.6	19.2	-15%	-2%	4%	4%
Transact	10.0	10.9	11.5	12.7	-5%	10%	5%	11%
Collaborate	41.4	39.6	38.3	34.9	-16%	-4%	-3%	-9%
<b>Proforma subscription revenue</b>	<b>69.6</b>	<b>68.4</b>	<b>68.3</b>	<b>66.8</b>	<b>-14%</b>	<b>-2%</b>	<b>0%</b>	<b>-2%</b>
Perpetual sales	1.2	0.6	0.3	0.3	-73%	-53%	-48%	-7%
Testing Services	4.3	3.8	3.3	3.1	-22%	-11%	-13%	-7%
Professional Services	8.4	7.1	3.7	4.6	-3%	-16%	-48%	25%
<b>Proforma revenue <sup>(1)</sup></b>	<b>83.5</b>	<b>79.8</b>	<b>75.6</b>	<b>74.8</b>	<b>-16%</b>	<b>-4%</b>	<b>-5%</b>	<b>-1%</b>
<b>Statutory revenue</b>	<b>78.5</b>	<b>62.9</b>	<b>69.8</b>	<b>83.3</b>	<b>-29%</b>	<b>-20%</b>	<b>11%</b>	<b>19%</b>
<b>Reconciliation to Statutory Accounts:</b>								
<b>Proforma revenue</b>	<b>83.5</b>	<b>79.8</b>	<b>75.6</b>	<b>74.8</b>				
Deduct Amortised licence fees	(51.2)	(51.9)	(51.1)	(50.3)				
Add term licence fees recognised upfront (excl perpetual licences)	46.2	34.9	45.3	58.9				
<b>Statutory revenue</b>	<b>78.5</b>	<b>62.9</b>	<b>69.8</b>	<b>83.3</b>				

(1) Proforma revenue provides a non-statutory alternate view of underlying performance by restating term license fee revenue to be on a recurring subscription basis (i.e., over 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 licenses, professional services and one-time testing services are consistently treated, as part of proforma and statutory revenue views.