2022
Notice of Annual General Meeting

iress

Invitation to shareholders from Iress' Chair

Notice is hereby given that the Annual General Meeting (**AGM**) of the members of Iress Limited (**Iress** or the **Company**) will be held as a hybrid event. Shareholders may either attend online or in person at the offices of King & Wood Mallesons, Level 27, 447 Collins Street, Melbourne on Thursday 5 May 2022, at 11.30 am (AEST).

28 March 2022

Dear Shareholder,

I am pleased to invite you to Iress' 2022 AGM. The AGM is an important part of the Iress calendar and we encourage you to read these materials and attend the meeting.

This year we are again offering shareholders a choice of how to attend the meeting. Attendance can be in person or online using a smartphone, tablet, or computer. If choosing to participate online, you will be able to view a live webcast of the meeting, ask questions, and submit your votes in real time during the meeting.

Further information on how to participate in the meeting is provided on page 4 of this Notice of Meeting.

If you choose to attend in person, this year's meeting will be held at 11.30 am (AEST) on Thursday 5 May 2022 at:

King & Wood Mallesons
Level 27, 447 Collins Street
Melbourne, Victoria 3000

Enclosed information

We have included in this Notice of Meeting:

- a summary of the financial performance of Iress during 2021 (page 3)
- items of business and Explanatory Notes (pages 4-10)
- information on how to exercise your proxy vote (page 5)
- your proxy form (separate document).

Voting by proxy

If you are unable to attend the meeting and wish to vote, please complete and return your proxy form no later than 11.30 am (AEST) on Tuesday, 3 May 2022. Further details on how to submit your proxy form are set out in the Notice of Meeting on pages 4 and 5 and in the proxy form.

Attendance in person on the day

If you are able to attend in person, you will need to register on arrival. Registration will open from 10.30 am (AEST).

Following the meeting, if health restrictions allow, you are welcome to join the Board and the Leadership team for light refreshments.

I look forward to seeing you on the day.

Yours sincerely,

Roger Sharp
Chair

Iress 2021 result

As we entered the second year of the global pandemic, 2021 proved in many ways just as turbulent as 2020. Despite these challenges, Iress continued to make strong progress towards its goal of becoming the essential partner for forward-thinking financial services businesses, with technology and transformation remaining core to our clients' ability to adapt to change.

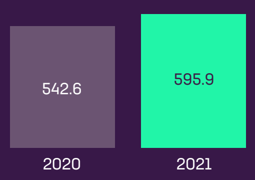
In 2021 our company reported $595.9m in operating revenues, up 11% on a constant currency basis and up 10% on 2020 on a reported revenue basis. Reported segment profit was $166.2m, up 9% on 2020, with reported net profit after tax of $73.8m, up 25% on 2020 and reported earnings per share up 20%. We are pleased to have paid a total 2021 dividend of 46c per share, franked to 38%.

2021 reported financial performance

Earnings growth and improved return on capital

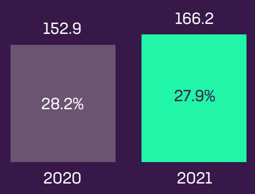
Reported revenue

Up 10%



Reported Segment Profit & margin

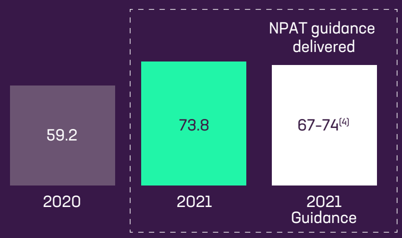
Segment Profit up 9%



Reported net profit after tax (**NPAT**)

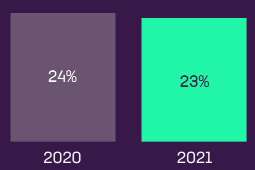
Up 25%

2021 NPAT includes $15.0m benefit of significant one-off items[1]



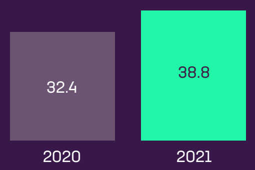
Reported product & technology % of revenue

23%



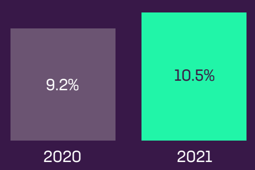
Reported earnings per share (**EPS**)[2]

Up 20%



Reported return on invested capital (**ROIC**)[3]

Up 130 bps



A detailed breakdown of the Company's financial performance and a summary of the Company's new strategy and financial metrics can be found in Iress' 2021 Annual Report at https://www.iress.com/media/documents/20472_IRESS_AR_2021_FULL_Final.pdf.

(1) Significant one-offs in the 2021 Reported NPAT results include the $14.2m benefit associated with finalisation of QuantHouse earnout arrangements and the $8.1m benefit relating to the finalisation of the BC Gateways (BCG) earnout. Partly offset by (-$5.5m) costs relating to the Warwick (UK) office closure and (-$4.0m) of non-operating costs incurred in relation to the NBIO (Non-binding Indicative Offer) from EQT. The tax effect for the one-off costs relating to Warwick and EQT is a benefit of $2.2m and finalisation of the BCG and Quanthouse earn out payments have no income tax effect.
(2) Reported earnings per share is calculated using Reported NPAT/Weighted average number of shares.
(3) ROIC has been calculated using Reported NPAT (excluding interest and finance costs) as a percentage of the addition of net debt and equity.
(4) NPAT Guidance of $70m - $77m as per the 30 June 2021 Half year results presentation, has been adjusted to include $3m (post tax) expense incurred in relation to the NBIO (Non-binding Indicative Offer) from EQT.

Items of Business

Business

Accounts

To receive and consider the full financial report (financial statements, notes, and Directors' Declaration) for the year ended 31 December 2021, together with the consolidated accounts of Iress Limited (**Iress** or the **Company**) and its controlled entities in accordance with the *Corporations Act 2001* (Cth) (**Corporations Act**) and associated Directors' and Auditor's Reports.

Resolutions

Re-election of Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

1. "That Mr Michael Dwyer AM be re-elected as a Director of the Company".

Information regarding the candidate can be found in the accompanying Explanatory Notes.

Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

2. "That the Remuneration Report (which is contained in the Directors' Report) for the year ended 31 December 2021 be adopted".

Note: the vote on this resolution is advisory only and does not bind the Directors or the Company.

Further information can be found in the accompanying Explanatory Notes.

Grant of equity rights and performance rights to the Managing Director and CEO (Mr. Andrew Walsh) in relation to the 2022 executive remuneration framework

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

3. (A) "That, for the purpose of ASX Listing Rule 10.14 and all other purposes, the grant of 79,592 Equity Rights to the Managing Director and CEO, Mr Andrew Walsh, and the provision of ordinary shares on exercise of those Equity Rights, under the Iress Equity Participation Plan be approved, as described in the Explanatory Notes."

   (B) "That, for the purpose of ASX Listing Rule 10.14 and all other purposes, the grant of 741,820 Performance Rights to the Managing Director and CEO, Mr Andrew Walsh, and the provision of ordinary shares on exercise of those Performance Rights, under the Iress Equity Participation Plan be approved, as described in the Explanatory Notes."

Information regarding the resolutions may be found in the accompanying Explanatory Notes.

Information for shareholders

Entitlement to attend and vote

All shareholders are entitled to attend and vote at the AGM. This year we are offering shareholders a choice of how to attend the AGM – in person or online using their smartphone, tablet, or computer.

For the purposes of voting at the meeting, shareholders will be taken to be those persons recorded on the Company's register of members at 7.00 pm (AEST) on Tuesday 3 May 2022. With respect to joint shareholders, all holders may attend the AGM, but only one shareholder may vote at the meeting in respect of the relevant shares (including by proxy). If multiple joint shareholders are present and vote in respect of the relevant shares, only the vote of the joint shareholder whose name appears first in the register in respect of the relevant shares is counted.

In relation to the physical meeting and in light of the evolving COVID-19 circumstances, the Company may be required to take extraordinary measures, including to limit or prohibit attendance, taking into account relevant government advice at the time.

Shareholders and proxyholders who wish to participate in the AGM online via the Computershare Meeting Platform may do so by entering this URL in their browser **https://meetnow.global/MKUNS4X** and then logging in using the following instructions.

To make the registration process quicker, shareholders should have their SRN/HIN and registered postcode or country code ready. Proxyholders will need to contact Computershare on +61 3 9415 4024 one hour prior to the meeting to obtain their login details.

Online registration will open one hour before the meeting starts:

- Click on 'Join Meeting Now'.
- **Shareholders** in Australia should enter their SRN/HIN and postcode registered to the holding. Overseas shareholders should select the country of the registered holding from the drop-down list.
- **Proxyholders** need to contact Computershare on +61 3 9415 4024 one hour prior to the meeting to obtain their login details.
- Read and accept the Terms and Conditions and click 'Continue'.

Shareholders and proxyholders can view the meeting live, ask questions verbally or via a live text facility and cast votes at the appropriate times while the meeting is in progress.

For more information regarding participation in the AGM online, including browser requirements, please see the Online User Guide available at www.computershare.com.au/virtualmeetingguide.

A corporate shareholder may appoint one or more persons to act as its representative(s), but only one representative is entitled to exercise the corporate shareholder's powers at one time. The Company will require the representative to provide appropriate evidence of the appointment.

Appointment of proxies

A shareholder entitled to attend and vote at the AGM may appoint:

- a person; or
- if the shareholder is entitled to cast two or more votes at the meeting, two persons,

as the shareholder's proxy or proxies to attend and vote for the shareholder at the meeting by using the proxy form. If the shareholder appoints two proxies and the instrument does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes.

A proxy need not be a shareholder and may be an individual or a body corporate. A body corporate appointed as a proxy will need to ensure that it appoints an individual as its corporate representative to exercise its powers at the meeting. The corporate representative will be required to provide appropriate evidence of the appointment prior to the commencement of the meeting.

In order for a proxy appointment to be valid, the Company must receive, at least 48 hours before the AGM (being no later than 11.30 am (AEST) on Tuesday 3 May 2022):

- the proxy's appointment, and
- if signed by the appointer's attorney, the authority under which the appointment was signed or a certified copy of the authority.

Voting by proxies

Shareholders should consider directing their proxy as to how to vote on each resolution by crossing a "For", "Against" or "Abstain" box when completing their proxy form to ensure that their proxy is permitted to vote on their behalf in accordance with their instructions.

Pursuant to the Corporations Act, if the appointment of a proxy specifies the way the proxy is to vote on a particular resolution:

- the proxy is not required to vote on a show of hands, but if the proxy does so, the proxy must vote as directed (subject to any applicable voting exclusions);
- if the proxy has two or more appointments that specify different ways to vote on the resolutions, the proxy must not vote on a show of hands;
- if the proxy is not the Chair, the proxy need not vote on a poll but if the proxy does so, the proxy must vote as directed (subject to any applicable voting restrictions); and
- if the proxy is the Chair, the proxy must vote on a poll and must vote as directed.

Default to Chair

If:

- a poll has been called on a particular resolution;
- a shareholder has appointed a proxy other than the Chair;
- the appointment of the proxy specifies the way in which the proxy is to vote on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the AGM; or
  - the proxy attends the AGM but does not vote on the resolution,

then the Chair of the AGM will, before voting on the resolution closes, be taken to have been appointed as the proxy for that shareholder for the purposes of voting on that resolution. In these circumstances, the Chair must vote in accordance with the written direction of that shareholder.

Proxy by post or facsimile

The proxy's appointment and, if applicable, the authority appointing an attorney, may be sent by post or fax to the Company's Share Registry at the address or fax number set out below:

Iress Limited
C/- Computershare Investor Services Pty Limited
GPO Box 242, Melbourne VIC 3001

By fax: 1800 783 447 within Australia or +61 3 9473 2555 outside Australia

Online proxy

Shareholders may submit their proxy online by visiting – www.investorvote.com.au.

To use this option, shareholders will need the Company's control number **136624**, their SRN or HIN and postcode. Shareholders will be taken to have signed the proxy form if it is lodged in accordance with the instructions on the website.

A proxy appointed under Power of Attorney or similar authority may be lodged electronically in the same manner, provided the Power of Attorney/authority, or a certified copy thereof, has been physically lodged with Computershare Investors Services Pty Limited (**Computershare**). Computershare will keep a record of the authority under which the appointment was made.

The online proxy facility may not be suitable for some shareholders, including those who wish to appoint two proxies with different voting instructions.

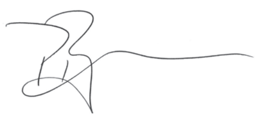
KMP voting restrictions

Under the Corporations Act, voting restrictions apply to the Company's key management personnel (**KMP**) and their closely related parties for Resolutions 2, 3A and 3B. The term "closely related party" in relation to a member of the Company's KMP includes a spouse, dependent and certain other close family members, as well as any companies controlled by the KMP's closely related parties. In addition, voting exclusions apply in respect of Resolutions 3A and 3B under the ASX Listing Rules. Please refer to the Explanatory Notes for further information.

Technical difficulties

Technical difficulties may arise during the course of the AGM. The Chair has discretion as to whether and how the meeting should proceed in the event that a technical difficulty arises. In exercising this discretion, the Chair will have regard to the number of shareholders impacted and the extent to which participation in the business of the AGM is affected. Where the Chair considers it appropriate, the Chair may continue to hold the meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, shareholders are encouraged to lodge a proxy by 11.30am (AEST) on Tuesday 3 May 2022 even if they plan to attend online.

By Order of the Board.



Peter Ferguson
Company Secretary

Sydney, 28 March 2022

Explanatory notes

Resolution 1 – Re-election of Mr Michael Dwyer AM

Independent Non-Executive Director since February 2020.

Michael has over 35 years' experience in superannuation and investment, including 14 years as CEO of First State Super (now Aware Super). He was appointed as the Chair of TCorp (New South Wales Treasury Corporation) on 31 August 2020, after serving as a director from 1 June 2019. On 1 December 2020 Michael was appointed as a director of Bennelong Funds Management Group and appointed as Chair on 1 July 2021.

Michael is a director of the Global Advisory Council of Tobacco Free Portfolios (appointed in 2016) and the Sydney Financial Forum (since 1 January 2009). Since 1 July 2000 he has also been a director and subsequently (from 25 June 2018) was appointed as Chair of Australia for UNHCR, the private sector partner of the UN Refugee Agency. In March 2020 Michael was appointed to the ASIC Consultative Panel for a period of three years. He is a life member of ASFA (Association of Superannuation Funds of Australia) and a life member of FEAL (Fund Executive Association Limited).

Michael holds a Diploma of Superannuation Management, an Advanced Diploma of Financial Services (Superannuation) and a Diploma of Public Administration, FASFA. He is a Fellow of the Australian Institute of Company Directors (AICD) and a Fellow of the Association of Superannuation Funds of Australia (ASFA).

The Company's Corporate Governance Statement at sections 9 and 10 sets out the mix of skills the board values and its approach to renewal, appointment, induction and term of directors. See https://www.iress.com/trust/corporate-governance/corporate-governance-statement/.

The Board has concluded that Michael is independent. Being eligible, Michael offers himself for re-election.

Directors' Recommendation

The Board (other than Mr Michael Dwyer AM) recommends that shareholders vote in favour of **Resolution 1**.

Resolution 2 – Remuneration report

The Remuneration Report forms part of the Directors' Report and is included in the Company's Annual Report for the year ended 31 December 2021. The Annual Report is available on the Company's website at https://www.iress.com/about/investors/results-and-reports/.

In accordance with the Corporations Act, the Company is seeking the adoption of the Remuneration Report by shareholders at this AGM.

The Remuneration Report:

- explains the Company's remuneration policy, as well as its relationship with and link to the Company's performance;
- contains the remuneration details of the Directors and KMP of the Company; and
- explains the incentive arrangements in place for KMP.

Directors' Recommendation

The vote on the adoption of the Remuneration Report is advisory only. However, the Board will take the outcome of the vote into consideration in future reviews of the remuneration policy for Directors and other KMP of the Company.

The Board recommends that shareholders vote in favour of **Resolution 2**.

Voting exclusion

The Company will disregard any votes cast on this Resolution 2:

- by or on behalf of a member of the Company's KMP whose remuneration details are included in the Remuneration Report (and their closely related parties) in any capacity; and
- as proxy by a person who is a member of the Company's KMP (and their closely related parties).

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy for a person entitled to vote on Resolution 2 in accordance with a direction on the proxy form; or
- a proxy for a person entitled to vote on Resolution 2 by the Chair of the meeting, and the Chair has received express authority to vote undirected proxies as the Chair sees fit, despite the fact that Resolution 2 is connected with the remuneration of the Company's KMP.

If you appoint the Chair of the meeting as your proxy, and you do not direct your proxy how to vote on this resolution on the proxy form, you will be expressly authorising the Chair of the meeting to exercise your proxy on this resolution even though this resolution is connected directly or indirectly with the remuneration of a member of the KMP, which includes the Chair of the meeting. The Chair of the meeting intends to vote undirected proxies in favour of this resolution.

Resolutions 3A and 3B – Grant of equity rights and performance rights to Mr Andrew Walsh, the Managing Director and CEO (referred to hereafter as the CEO)

Iress' executive remuneration framework comprises three components: Base Salary, Equity Rights and Performance Rights. The Board believes that together, these components provide an appropriate remuneration framework for the business. Notably, Iress does not operate a short-term incentive scheme.

CEO Base Salary & Equity Rights

The Base Salary and Equity Rights for the CEO remain unchanged from the prior year (as reported in the 2021 Annual Report), and comprise a Base Salary of $1,000,000 per annum and Equity Rights with an award value (as proposed for 2022) of $1,008,889. The Board considers this an appropriate level of fixed remuneration given the size, scope, strategic objectives and complexity of the Company, the CEO's skills and experience, and comparable remuneration levels for relevant domestic and international Information Technology peers.

CEO Performance Rights

In July 2021 Iress launched a strategy to accelerate growth and improve returns by 2025. The strategy review made it clear that the way we structure and allocate incentives would need to change in order to drive the business towards its more focussed 2025 goals. Hence, the Board has modified the Performance Rights component of executive remuneration (including for the CEO) to ensure that vesting, the value attributable to the Performance Rights, and – importantly – the overall amount of Performance Rights at risk is directly aligned with the achievement of Iress' 2025 strategic goals.

Proposed 2022 Equity Grants

Consistent with the above, the Board is now seeking shareholder approval for the grant of Equity Rights and Performance Rights to the CEO in 2022, as detailed in the table below.

The following preliminary comments are important:

- Two grants of Performance Rights are proposed for 2022, but the Board does not intend to grant any Performance Rights in 2023 to the CEO or any other current executive KMP.
- The two proposed grants are intended to be the only Performance Rights granted to the CEO relating to the delivery of the Company's 2025 strategic goals.
- The Board intends to grant performance rights in 2024, against Iress' strategic goals set for 2026 and beyond.
- The combined face value of the two 2022 Performance Rights grants is higher than would have been the case under the previous approach, given that the grant is aligned with multiple performance periods relating to the achievement of Iress' 2025 strategic goals, and a sharp increase in the overall amount of Performance Rights at risk against the achievement of those goals.
- There are two tiers of vesting conditions that apply to Performance Rights. All Performance Rights are first subject to a gateway condition requiring Iress to achieve a 10% per annum Absolute Total Shareholder Return (**ATSR**) over the relevant measurement period. Performance Rights are then split into three equally weighted tranches, with each tranche subject to its own additional vesting condition:
  - material improvements in **EPS** over the period to 2025, with doubling required for full vesting;
  - material improvements in **ROIC** by 2025, with doubling required for full vesting; and
  - development, deployment and migration of existing and new clients to a new cloud-based **platform** according to agreed operational metrics.

Details of these metrics and how they work are provided below.

Under previous grants of CEO Performance Rights, a single metric, being a 10% per annum ATSR hurdle, triggered the *maximum* return for full vesting. With the magnitude of the ATSR gateway condition and additional metrics, the 2022 Performance Rights vesting conditions represent a significantly higher performance threshold than in prior grants.

Table 1 – Proposed Equity grants

Instrument	Quantum	Award value	Estimated grant date	Measurement period	Vesting conditions (summary)*
Equity Rights	79,592**	$1,008,889	6 May 2022	Two years (28 February 2022 – 28 February 2024) Shares provided on exercise of any vested Equity Rights are subject to a mandatory two-year holding lock (28 February 2024 – 28 February 2026)	Acceptable individual performance over the measurement period, subject to Board discretion and clawback.
Instrument	**Quantum**	**Face value at grant**	**Estimated grant date**	**Measurement period**	**Vesting conditions (summary)***
Performance Rights***	Grant 1: 370,910**** Grant 2: 370,910****	$4,062,016 $4,062,016	6 May 2022	Grant 1: three years (18 February 2022 – estimated 21 February 2025) Grant 2: four years (18 February 2022 – estimated 20 February 2026) Shares provided on exercise of any vested Performance Rights are subject to a mandatory one year holding lock post vesting	ATSR gateway condition of 10% per annum over the relevant measurement period. Performance Rights are then split into three equally weighted tranches, each subject to one additional vesting condition: • EPS growth, doubling required for full vesting • ROIC improvement, doubling required for full vesting platform delivery, in each case subject to Board discretion and clawback.

* The Board can lapse unvested Equity Rights and Performance Rights if individual or Company performance is significantly below expectations and can lapse vested Equity Rights and Performance Rights, or forfeit shares allocated on exercise of vested Equity Rights that are subject to the mandatory holding lock, if a 'clawback event' occurs (see page 10).

** The number of Equity Rights has been calculated by dividing the Award value by the volume weighted average price of the Company's shares in the 20 trading days up to and including 31 December 2021.

*** As reflected in the remuneration report and discussed in these Explanatory Notes, the Board does not intend to grant any Performance Rights (to the CEO or any other current executive KMP) in 2023.

**** The number of Performance Rights has been calculated by dividing the face value at grant by the volume weighted average price of the Company's shares in the 20 trading days from 18 February 2022, the day following the results being announced for the year ending 31 December 2021, up to and including 17 March 2022.

Explanatory notes

Potential 2022 Performance Rights outcomes

It is difficult to make a like-for-like comparison between the previous Performance Rights framework and the proposed 2022 Performance Rights framework. Under the previous framework, Performance Rights were granted annually, with a lower face value at grant, and with lower vesting conditions. By contrast, under the proposed 2022 framework, Performance Rights cover multiple reporting periods and have a higher face value in light of the more challenging 2025 vesting conditions.

The potential value the CEO can realise on vesting is dependent on the extent to which the vesting conditions relating to the award are achieved. On full vesting the value realised will exceed the amount that would have been available had the previous Performance Rights framework been applied, noting that this first requires the achievement of the 10% per annum ATSR gateway condition and achievement of the EPS, ROIC and platform delivery conditions, all of which would enure significantly to the benefit of shareholders.

However, there is also significantly more downside built into the revised 2022 Performance Rights approach. The challenging performance conditions proposed mean that the CEO will earn less over the 2022–2025 period than he would have under the previous Performance Rights framework if the ATSR gateway condition falls short of 10% p.a., or if the proposed EPS, ROIC and platform delivery thresholds are not met.

Over the four-year life of the 2022 Performance Rights framework, the additional accounting cost of the grants of Performance Rights to the CEO is on average approximately $350k per annum.

The Board's view is that the 2022 Performance Rights framework provides strong alignment between executive and shareholder interests and the Company's 2025 strategic objectives.

Specific terms for Equity Rights

Under the Company's executive remuneration framework, in 2022 Equity Rights will comprise 10% of the CEO's total remuneration, representing a value of $1,008,889. This is equal to the May 2021 grant of Equity Rights. The number of Equity Rights proposed to be granted to the CEO (79,592) has been calculated by dividing this value by the volume weighted average price (**VWAP**) of the Company's shares in the 20 trading days up to and including 31 December 2021.

Key terms for Equity Rights include:

- Vesting is conditional on: (i) the CEO achieving acceptable individual performance, including completion of his employment duties and tasks to the required level, over the two-year vesting period; (ii) Board discretion; and (iii) the absence of clawback events (described below). The Board will consider individual and company performance against targets set by the Board and may reduce, cancel or claw back equity if performance is significantly below expectations.
- The award remains restricted for a further two years after vesting with a mandatory holding lock applying to any shares provided on exercise of the Equity Rights.
- The shares allocated on exercise of vested Equity Rights remain subject to clawback during the mandatory holding lock period.
- Subject to applicable law and unless the Board determines otherwise:

where the CEO's employment ceases due to...	then...
resignation and termination for cause	• unvested Equity Rights will lapse on the date of cessation of employment; and • vested Equity Rights, and shares allocated on exercise of Equity Rights and subject to the mandatory holding lock period, will be retained, but may be subject to clawback (see below)
any other reason	• unvested Equity Rights will remain eligible to vest in accordance with their normal terms (including clawback); and • vested Equity Rights, and shares allocated on exercise of Equity Rights and subject to the mandatory holding lock period, will be retained, but may be subject to clawback (see below)

- The CEO will not be eligible to receive any dividends on Equity Rights until the Equity Rights vest and shares are provided. However, if the Equity Rights do vest, he will receive (either in additional vested Equity Rights or in cash, as determined by the Board) an amount equal to the dividends he would have received had he held shares during the vesting period (calculated on an accumulating basis, i.e., assuming the dividend equivalents are reinvested). Importantly, the dividend equivalent amount will not be provided unless and until the Equity Rights vest, and the Board may take any steps it determines appropriate to recover the amount should any 'clawback events' (described below) occur.
- Equity Rights do not carry voting rights.

A detailed explanation of the Equity Rights instrument and the basis for determining how the instrument is allocated is set out in Section 1 of the 2021 Remuneration Report on pages 34 of the Company's 2021 Annual Report.

Specific terms for Performance Rights

Key terms for Performance Rights include:

- There are two tiers of vesting conditions that apply to the Performance Rights. All Performance Rights are first subject to an ATSR gateway condition which requires Iress to achieve ATSR performance of 10% per annum over the three-year measurement period for Grant 1 and the four-year measurement period for Grant 2, as well as an absence of clawback events. Performance Rights are then split into three, equally weighted tranches, with each tranche subject to its own additional vesting condition, EPS growth, ROIC improvement, and Platform Delivery over the relevant measurement periods. The Board will also consider individual and company performance and may apply its discretion to reduce, cancel or claw back equity if performance is significantly below expectations.
- The ATSR gateway condition focuses on the growth of the Company and value to shareholders, regardless of the broader market and other companies' movements. No Performance Rights will vest unless shareholder value has been created over the relevant measurement period. The ATSR calculation will use a start and end share price based on the 20-day VWAP commencing on the trading day after Iress' results are announced for the relevant financial years during the measurement period (for example, the starting share price for Grant 1 is the 20-day VWAP commencing on the trading day after Iress' FY21 results were announced and the final share price will be based on the 20-day VWAP commencing on the trading day after Iress' FY24 results are announced).

- Grant 1 and Grant 2 Performance Rights will vest after the end of the relevant measurement period if the ATSR gateway condition is first met and then the relevant tranche conditions are satisfied. Straight-line vesting will occur between threshold and maximum for the EPS and ROIC conditions. Due to the nature of the Platform Delivery condition, the vesting schedule is binary, with no straight-line vesting occurring between each performance outcome.

Performance conditions for Performance Rights

Tranche 1: EPS condition (one-third of each grant)

EPS is calculated as NPAT, divided by the weighted average number of Iress shares on issue in the final year of the relevant measurement period. Iress' EPS performance will be tested at the relevant financial year end based on Iress' audited consolidated results. The EPS performance will be determined by the Board.

Assessment of the EPS condition occurs after accounting for the cost of share-based payments.

EPS vesting schedule	Threshold vesting (30% vesting of the tranche)	Maximum vesting (100% vesting of the tranche)
Grant 1*	EPS of 46.3 cents	EPS of 56.6 cents
Grant 2*	EPS of 51.9 cents	EPS of 66.8 cents

* Straight line vesting will occur between threshold and maximum. No vesting of the tranche will apply for below threshold performance.

Tranche 2: ROIC condition (one-third of each grant)

ROIC is calculated using NPAT (excluding interest and finance costs) as a percentage of the net debt plus equity. Iress' ROIC will be measured based on Iress' audited consolidated results for the final year of the relevant measurement period. ROIC performance will be determined by the Board.

ROIC vesting schedule	Threshold vesting (30% vesting of the tranche)	Maximum vesting (100% vesting of the tranche)
Grant 1*	ROIC of 11.9%	ROIC of 15.3%
Grant 2*	ROIC of 13.3%	ROIC of 17.8%

* Straight line vesting will occur between threshold and maximum. No vesting of the tranche will apply for below threshold performance.

Iress intends to continue with its current accounting practices and that ROIC and EPS outcomes will be in line with the definitions outlined above. However, subject to applicable law, the Board retains discretion to adjust the EPS condition and ROIC condition outcomes in exceptional circumstances, including matters outside of management's influence, such that a participant is neither advantaged nor disadvantaged by matters that may materially affect achievement of the performance conditions. In exercising this discretion, the Board may from time to time adjust the targets, without limitations, to exclude the impact of acquisitions and divestments, (including, without limitation, transaction costs and fair value gains), restructuring costs, any impairment to the carrying value of assets, profit or loss realised on the sale of a business or asset (including, without limitation, real estate), capital expenditure, or non-cash accounting charges arising from a change in accounting practice.

Tranche 3: Platform Delivery condition (one-third of each grant)

The technology platform delivery condition focuses on enabling services on Iress' new single product technology platform.

Platform vesting schedule	Threshold vesting (50% vesting of the tranche)	Between threshold and maximum vesting (75% vesting of the tranche)	Maximum vesting (100% vesting of the tranche)
Grant 1*	30%-50% of new services are enabled on the platform	N/A	>50% of new services are enabled on the platform
Grant 2*	30%-50% of existing services are enabled on the platform	30%-50% of existing services & every new service is enabled on the platform	Majority (>=50%) of existing services and every new service is enabled on the platform

* The vesting schedule is binary, with no straight-line vesting occurring between each performance outcome. No vesting of the tranche will apply for below threshold performance.

- The CEO will not be eligible to receive any dividends on Performance Rights until the rights vest and shares are provided. Performance Rights carry no right to any dividend equivalent amount on vesting.
- Performance Rights do not carry any voting rights.

A detailed explanation of the Performance Rights and the basis for determining how the instrument is allocated is set out in Section 3 of the 2021 Remuneration Report on pages 45 to 47 of the Company's 2021 Annual Report.

Directors' Recommendation in relation to Resolutions 3A and 3B

The Non-Executive Directors are confident that the CEO's total remuneration package for 2022 (as described in detail in the Remuneration Report and which includes the proposed grant of Equity Rights and Performance Rights set out in Table 1) is reasonable, having regard to: the size, scope, complexity and strategic objectives of the Company; the CEO's unique skills and experience; comparable remuneration levels for relevant domestic and international Information Technology peers; and the fact that the Board does not intend to award any Performance Rights in 2023.

Further, the Non-Executive Directors view that the high portion of the CEO's remuneration delivered in equity will strengthen the alignment between his and shareholders' interests as the value of his Equity Rights and Performance Rights will fluctuate with Iress' share price and are subject to the satisfaction of vesting conditions and the discretion of the Board.

The Non-Executive Directors conducted engagements with shareholders and key stakeholders throughout the process of developing the revised Performance Rights component of executive remuneration to ensure the new framework is aligned with a wide spectrum of shareholders' interests and addressing legacy concerns raised by some investors and stakeholders.

The Board (other than the CEO) recommends that shareholders vote in favour of **Resolutions 3A and 3B**.

Explanatory notes

General terms applicable to Equity Rights and Performance Rights

Entitlement & vesting

Each of these equity instruments will give the CEO a right to receive one ordinary share in the Company or cash of equivalent value on vesting, subject to the satisfaction of applicable vesting conditions. The Board will determine whether shares in the Company or cash of equivalent value are provided at the time of vesting. If provided, the cash amount will be equal to the volume weighted average price of Iress shares during the five days of trading up to and including the vesting date (less any superannuation contributions and any other withholdings, deductions, or payments for tax).

Equity Rights also give the CEO a right to a dividend equivalent amount, subject to the satisfaction of the applicable vesting conditions and as further described under the heading "Specific terms for Equity Rights" above. Performance Rights carry no right to any dividend equivalent amount on vesting.

Price payable on grant and exercise

The Equity Rights and Performance Rights will be granted at no cost to the CEO. There is no price payable on exercise.

Clawback

The Board will have the ability to lapse unvested and unexercised Equity Rights and Performance Rights, and forfeit shares allocated on exercise of Equity Rights that are subject to the mandatory holding lock (i.e., clawback). The circumstances in which this may occur (referred to as "clawback events") include fraud, misrepresentation, misstatement of financial results, dishonesty, gross misconduct, poor risk practices or reputational issues, or any other matters the Board determines relevant.

Voluntary holding lock

The CEO may elect for a voluntary six-month holding lock to apply to any shares he receives on vesting of each of the above grants (and after the expiry of any mandatory holding lock). During any voluntary holding lock period, the CEO will not be able to sell, transfer or otherwise deal with the Company's shares he receives, but will be entitled to the dividends and voting rights attached to those shares.

Change of control

If certain change of control events occur in relation to the Company, the Board may determine in its absolute discretion to give notice that the Equity Rights or Performance Rights (as applicable) vest and/or be exercised irrespective of whether the relevant vesting conditions have been satisfied at that time.

Date of grant

If shareholder approval is obtained, the Equity Rights and Performance Rights are expected to be granted on or about 6 May 2022, and in any event within six months of the date of this meeting.

Other required information – ASX Listing Rules

The CEO is currently the only Director who is eligible to receive grants of Equity Rights or Performance Rights under the Iress Equity Participation Plan. The number of securities that have been granted to the CEO under the Iress Equity Participation Plan since it was implemented in 2019 are:

- 253,483 Equity Rights; and
- 263,799 Performance Rights

all of which were granted at no cost.

No loan will be made available by the Company to the CEO in connection with the grants of Equity Rights or Performance Rights.

Details of any securities granted to the CEO under the Iress Equity Participation Plan will be published in the Company's annual report. No additional persons covered by Listing Rule 10.14 will participate in the Iress Equity Participation Plan without shareholder approval being first obtained.

Approvals sought

The Company is proposing to grant 79,592 Equity Rights and 741,820 Performance Rights to the CEO under the Iress Equity Participation Plan. As noted above, there may also be additional Equity Rights granted to satisfy dividend equivalent entitlements on vesting of the Equity Rights. Listing Rule 10.14 provides that listed companies must not permit a director or their associates to acquire equity securities under an employee incentive scheme unless it obtains the approval of its shareholders.

Resolutions 3A and 3B seek the required shareholder approval to grant these Equity Rights and Performance Rights under and for the purposes of Listing Rule 10.14 and, if shareholder approvals are obtained, the Company will proceed to grant the CEO Equity Rights and Performance Rights. If shareholder approvals are not obtained, it is intended that the CEO will be awarded a cash payment following the end of the applicable vesting and restriction periods equivalent in value to the value he would have realised had he been granted Equity Rights and Performance Rights on the terms proposed.

Voting exclusion

The Company will disregard any vote cast on Resolutions 3A and 3B:

- by or on behalf of the CEO and any of his associates, in any capacity; and
- as proxy by a person who is a member of the Company's KMP (and their closely related parties),

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person entitled to vote on Resolutions 3A or 3B in accordance with a direction as to how to vote provided by that person; or
- as proxy or attorney for a person entitled to vote on Resolutions 3A or 3B by the Chair of the meeting, and the Chair has received express authority to vote undirected proxies on that resolution as the Chair sees fit; or
- in favour of Resolutions 3A or 3B by the CEO or any of his associates as a nominee, trustee or custodian (or other fiduciary) for a person entitled to vote on Resolutions 3A or 3B, in accordance with a direction as to how to vote provided by that person, provided that person provides written confirmation to the CEO or his relevant associate (as applicable) that they are not excluded from voting or are an associate of a person excluded from voting.

If you appoint the Chair of the meeting as your proxy, and you do not direct your proxy how to vote on Resolutions 3A or 3B on the proxy form, you will be expressly authorising the Chair of the meeting to exercise your proxy on these resolutions. The Chair of the meeting intends to vote undirected proxies in favour of Resolutions 3A and 3B.