



The Manager  
Company Announcements Office  
Australian Stock Exchange  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

5 May 2022

Dear Manager,

**IRESS LIMITED – CHAIR AND CEO ADDRESSES – ANNUAL GENERAL MEETING**

Please find attached a copy of addresses to be given by the Chairman and the CEO at this morning's Annual General Meeting of Iress Limited.

Yours sincerely

A handwritten signature in blue ink, appearing to be "P. Ferguson", with a long horizontal flourish extending to the right.

Peter Ferguson  
Chief Legal Officer & Company Secretary



**Iress Annual General Meeting**  
**Thursday 5 May 2022**  
**Melbourne**

## **CHAIR'S ADDRESS - ROGER SHARP**

It has been an eventful year since I took the reins from previous Chair Tony D'Aloisio in May 2021.

No one could have foreseen the twelve months we have just been through – a takeover offer, the launch of Iress' new targets, a pandemic that wouldn't end, a squeeze for tech talent, high global inflation and now, more recently, a war in Europe.

Notwithstanding this series of events, I've been impressed with our company's ability to get stuff done, its agility, its capacity to innovate and - when needed – its peoples' good humour. Not to mention the resilience of our products and a loyal global customer base. This is a good place to be in turbulent times.

When I joined last year I had the opportunity – the first of many during the year – to speak with the company's shareholders. It's clear there is a healthy respect for Iress and its leadership, accompanied by a strong desire to see better financial performance. The common themes across our conversations with shareholders were the desire for a higher sales cadence, and in particular improved performance in EPS growth and capital management.

### **Strategy Review**

We listened to you. Last year the Iress board and management team came together many times in an extensive review of the company's product and technology profile, geographical focus and financial returns.

The resulting strategy update was announced to the market on 29 July, and included measures to accelerate growth and returns for shareholders, with a new target to more than double net profit after tax and earnings per share by 2025.

A key component of this strategy is the delivery of a single product platform, driving our intellectual property and experience into multiple propositions, accelerating product development and delivery, and creating a seamless experience for our clients. This plan, requiring an investment of \$30m over several years, will scale across geographic boundaries and deliver profitable growth with improved returns for shareholders.

### **Proposed Takeover Offer by EQT**

You will all be aware that in July 2021, Iress received the first of a number of confidential, unsolicited, non-binding offers from EQT Fund Management S.a.r.l. to acquire all of Iress' shares.

Following careful consideration, the Iress Board decided it was important to engage with EQT to determine whether value could be maximised for shareholders through this process. The Board has a clear idea of the value of the company and held firm on its price expectations. In September, it was announced that discussions between Iress and EQT had concluded with the parties unable to agree a transaction.

Iress has since continued with its own plans to accelerate both growth and returns to shareholders. It's good to see that journey now underway.

### **Financial Performance**

In 2021 we delivered a good result in a year of many distractions and more than a few events beyond our control. If we look at our financial results, our reported segment profit for the year was \$166.2m,

up 9% from 2020, while NPAT grew 25% to \$73.8m and reported EPS grew 20% to 38.8 cents per share. At the same time, ROIC increased 130 basis points to 10.5%.

Clearly, we have some way to go to meet our FY25 targets (which now include the contribution of our Mortgages business in the UK), of \$135m in NPAT, earnings of 67 cents per share and ROIC of 18% - but we are on the journey. The outcomes of processes are often not linear - but we have the team, the targets and the tools to get this done. And a new incentive structure that aligns our team with shareholders.

### **Capital Management and Proposed Sale of Mortgages**

We've revised our approach to capital management this year, based on the fundamental premise that shares are precious and that a key stepping stone towards improving our EPS performance is to restrict new equity issuance. We have suspended our dividend reinvestment plan, we now attempt to buy shares on market where accretive to meet awards to employees, and we are part way through conducting a \$100m buyback. These moves all symbolise an acute focus on improving returns to our shareholders.

On 11 June last year we announced as part of our capital management plan that we were considering options for the sale of our UK-based Mortgages software business. We did not foresee at that time that technology valuations would fall by half, or that war would break out in Europe.

Having confirmed our focused approach to both EPS and capital management, it would be inconsistent to sell a high-quality asset when valuations and markets are falling. So, after careful deliberation, we announced on 12 April that Iress has decided to retain the business, and reap the benefits of its strong forward pipeline.

To provide both the Mortgages team and our clients with as much certainty as possible, we announced our intention to retain the business indefinitely.

### **Incentive Structures**

The new strategy we launched on 29 July last year is bold and ambitious. The remuneration plan in place at that time was calibrated to different circumstances, and was not aligned to our current strategy.

To that end, in recent months your board has spent week upon week consulting with shareholders, proxy advisors, consultants and of course our management team to implement a new incentive structure. There will be an opportunity to discuss this in more detail during the meeting but in summary it's an innovative plan that offers our team more reward for achieving better results. It also means considerable downside if we don't perform.

This plan is supported by three of the four proxy advisors active in Australia and, as you will see from the poll we will hold, significant shareholder support. There has also been some resistance from an important proxy advisor, ISS, and a minority of shareholders have expressed their concern.

On behalf of the Board, I'd like to confirm our resolute support for this new structure. It is the missing piece in the jigsaw puzzle that we need in order to execute against our plan. To shareholders – you asked for improved financial performance, and we listened. When we consulted you on the new remuneration plan, you gave us feedback and we listened. Our PPC Chair Julie Fahey and I are looking forward to your voting support on this important matter as we move through the formal business of the meeting.

### **Dividends and Balance Sheet**

In March 2022 we paid a final dividend of 30 cents per share, franked to 15%, bringing the full year 2021 dividend to 46.0 cents per share, franked to 38% at a 30% corporate tax rate.

Iress continues to maintain a conservative balance sheet, with a leverage ratio of 1.4x segment profit.

### **ESG**

Iress is making good progress on its ESG journey.

In 2021, we appointed Amarjot Bagga as Head of Social Impact and Iress Foundation to continue building our impact. This involved the development of a 2025 environmental and social impact strategy following a process of comprehensive stakeholder interviews, analysis of our own ESG processes and a review of external ESG best practice and methodologies, globally.

In 2021 we were recognised by the Australian Council of Superannuation Investors (ACSI) in their assessment of ESG reporting by ASX200 companies. Iress was one of just 34 ASX 200 companies to achieve a 'Detailed' rating - recognising our commitment to continuous improvement.

In 2022, we look forward to continuing our ESG journey through our commitment to set science-based targets for emissions reduction and having meaningful impact through Iress Foundation initiatives.

### **Board structure**

John Cameron retires from the Board at today's meeting. On behalf of the whole company, I'd like to thank John for his twelve years of insights, commitment and service. In my first year as Chair, I have found John to offer a thoughtful and innovative voice that stirs thinking around the table.

A search is now underway to replace John, and we would hope to make a new appointment in the next few weeks.

With a refreshed Board, new members of the management team leading product and sales, and a continued client-focus from our people, Iress is in a strong position and making good progress.

Before handing over to Andrew for his comments, I'd like to thank our shareholders for staying the course, to the broader Iress team for a great year in difficult conditions, to Andrew and our management team for their extraordinary efforts, and finally to my fellow board members for their initiative, work ethic and valuable counsel during the year.

## **CEO ADDRESS - ANDREW WALSH**

Thank you Roger.

Thank you for the support and guidance from you and the Board over what was an eventful year.

I also thank John Cameron for his long service to Iress and the expertise and experience he has brought to the Board. Again, this has been much appreciated and I wish you all the very best for the future.

Today I will cover progress on our key focus areas and operational progress including more detail on financials.

### **Key focus areas**

As announced to the market in July last year, we announced a bold set of goals: to accelerate growth, to build upon unique foundations in financial technology and market positions today, and to leverage capability and assets. By doing this, we are confident in the benefits we will achieve for clients and users, our people, and, importantly, for shareholder returns.

Our strategy to evolve our product and technology strategy builds on a strong, successful, and leading technology business today. As I said at the time, we are not building a new dream, we are accelerating the one we are already executing upon.

In 2021 we began making progress towards this future operating model on strong cloud foundations.

At the centre of our strategy acceleration is the transition to a single product & technology platform. This will enable us to increase the speed by which we can create and deliver product propositions to our clients at scale, while solving for the convergence of functionality and capability within the financial services and our client base today and in the future.

In October 2021, we announced Emily Chen as Head of Technology Platform. Over the past five years Emily has led Iress' wealth management product team. During that time, she has steered many initiatives laying the groundwork for our single product and technology platform.

These learnings are now being used to accelerate our activity in transitioning to platform-based operations - with progress already made on delivering a cloud-first EMS solution in 2021 and strong progress made on bringing together other key components of a platform-based investment infrastructure solution.

As Roger mentioned, Iress has proven itself to be resilient and adaptive during the various phases of the pandemic. I am proud of how our team of more than 2,250 Iress people has continued to prioritise delivering a high-quality experience for clients and users during this time. We continue to emphasise wellbeing and mental health.

Attracting and retaining top talent continues to be a focus for Iress. In 2021 we announced the introduction of the Long Weekend, to recharge batteries and restore perspective for all people at Iress. This has been enthusiastically received, and bolsters a robust set of strategies supporting our ability to be successful in competitive markets. Next week we will launch a dedicated employer campaign targeting tech talent in Australia and the UK to further increase awareness of Iress as a career destination of choice.

## **Financials**

Adding to Roger's comments on our financial results for 2021.

We delivered a strong set of results for the year segment profit and net profit in line with earnings guidance.

Recurring revenue which underpins our group, continues to contribute over 90% of total revenue. We have strong revenue growth, up 10% in 2021 on a reported basis. This has largely been driven by the full period impact of the OneVue acquisition, growth in Australia, Mortgages and North America.

We've made solid progress on our key strategic growth areas.

In superannuation we have seen good momentum in our super automated admin solution, with Guild Super going live and ESSSuper live in early 2022. These stand out in the market as strong use cases for further technology-led transformation of superannuation fund operations, generating demand and leading to advanced discussions with several new prospects.

We have successfully integrated Xplan and OneVue and placed live managed funds and equity trades in a user pilot, demonstrating our execution progress in building a fully integrated, highly efficient, new offer. A commercial launch is planned for 2022.

Finally, in the UK, we saw strong growth in private wealth and trading. This was offset by a reduction in non-recurring revenue in retail wealth due to significant non-recurring projects in the previous year. Initiatives are underway to rejuvenate growth.

Our mortgage business is performing well with two more projects completed in the year and a strong and growing sales pipeline of opportunities driven by lenders demanding greater scale, efficiency and automation in mortgage processing. As announced last month, Iress has ceased plans to divest this business. After a thorough and well considered process we have concluded that the best outcome for our shareholders, clients and people is for Iress to continue to invest in it and create the right environment to execute on its strategic growth potential.

We have reaffirmed our outlook for 2022. With the retention of the Mortgages business, we expect to deliver within the range of 7-10% growth in segment profit, growth in underlying NPAT of 25-37% and underlying EPS of 40cps to 44cps on a constant currency basis.

## **Thank you**

Thank you again to Roger and the Board. Thank you to the leaders and everyone at Iress, and to our shareholders, for your continued support.