

# Iress strategy update and guidance upgrade

## Highlights

- Transformation accelerated, delivering early benefits towards Rule of 40
- Revenue growth in 2H +2.6% vs 1H23
- Cost base more favourable in 2H vs 1H23, driven by lower staff costs
- Uplift in customer sentiment
- Innovation underway - launch of Advisely (Wealth) and cloud-native, Iress FIX Hub (Trading)
- UK strategy further evolved, including decision to deal with UK in parts
- Non-core UK asset being sold to retire debt in FY24
- Net debt reduced: \$308m at 31 Oct vs \$375m at 30 June
- Upgraded guidance: increase in FY23 Underlying EBITDA to \$123m-\$128m (previously \$118m-\$122m)<sup>1</sup>
- **Investor webinar today at 11 am, details below.**

Iress (IRE.ASX) today announces progress against its transformation strategy, along with updated guidance for FY23 and FY24 earnings.

## Updated 2023 guidance<sup>1</sup>

**Underlying EBITDA** trending more favourably in second half due to stabilised revenue and favourable cost base:

	Previous guidance	New guidance
<b>2H FY23 Underlying EBITDA</b>	\$58m-\$62m	\$63m-\$68m
<b>FY23 Underlying EBITDA</b>	\$118m-\$122m	\$123m-\$128m
<b>FY24 Underlying EBITDA</b>	\$124m-\$134m	\$135m-\$145m
<b>FY24 Exit run rate</b>	\$142m-\$158m	\$150m-\$170m

**Iress' Group CEO & Managing Director, Marcus Price, said:** "Iress' transformation plan has been accelerated and is delivering outcomes. Revenue in the second half of FY23 is now expected to be slightly ahead of expectations. With accelerated cost benefits, we are also modestly upgrading Underlying EBITDA guidance.

<sup>1</sup> On a constant currency basis

“We brought forward a number of transformation initiatives which are delivering improvements at the cost and revenue lines.

“We are executing our significant transformation plan well and remain confident we’re on the right path towards the Iress Group operating at Rule of 40. Our refreshed leadership team is firmly in the driver’s seat under our new structure. Each business is now working to its five-year plan with accountability resting with each CEO. Our remuneration structure is now directly aligned to the performance of each business unit and the Group as a whole.

“The new structure is also delivering on our objective of delivering more value to our customers. Our customer experience measures are improving, and new product launches like Iress FIX Hub and Advisely are demonstrating our ability to respond to customers and deliver innovative new products.

“Our improved FY23 guidance announced today shows we are on the right path. We still have work to do but we remain on track to conclude our transformation program by the end of next year with benefits to continue into FY25 and beyond.”

### **Transformation update**

Iress has continued to make solid progress transforming the business with a number of initiatives being brought forward. This is delivering a more efficient cost base which combined with moderating revenue trends has delivered an improved earnings outlook.

With a refreshed leadership team driving the process, Iress has reset its strategic objectives and is now implementing five-year business plans in support of this. A new 2024 remuneration framework has been adopted which firmly aligns reward with controllable business unit P&Ls across the Group.

The transformation program continues at pace into 2024, with an ongoing focus on improving customer value, innovation and further cost efficiencies.

The technology uplift has advanced well as Iress begins to deliver on its commitment to bring increased value to customers through innovation. Work to stabilise our core trading software and improve the user experience of Xplan has progressed with improved tools delivering better value to customers. The technology uplift is on track to be largely complete by Q1 FY24.

Iress’ strategy for the UK has evolved significantly, including the decision to divest a non-core business in FY24. The MFA divestment completed in 2H23 and the Platforms business sales process is progressing. Disposal proceeds will be used to further retire debt.

Net debt has reduced from \$375m as at 30 June to \$308m at 31 October and the business is operating comfortably within its debt covenants. The capital management plan is well progressed to determine Iress’ renewed approach to dividends, debt and investment into R&D. Iress is on track to update the market with the revised plan at its full year results in February 2024.

### **Investor webcast**

Roger Sharp (Iress Chair), Marcus Price (Iress CEO), and Cameron Williamson (Iress CFO) will host an investor webinar today at 11am today.

Investors who wish to watch the webcast [should register here](#).

Investors who wish to participate in the teleconference [should register here](#).

A recording of the webcast will be published on the Iress website shortly after the event.

## Ends

For further details, please contact:

### Investors

**Michael Brown**

+61 400 248 080

### Media

**Kelly Fisk**

+61 435 684 543

## About Iress

Iress (IRE.ASX) is a technology company providing software to the financial services industry.

We provide software and services for trading & market data, financial advice, investment management, mortgages, superannuation, life & pensions and data intelligence.

Our software is used by more than 9,000 businesses and 500,000 users globally. We have over 2,000 people based in Asia-Pacific, North America, Africa, the UK and Europe.

[www.iress.com](http://www.iress.com)