

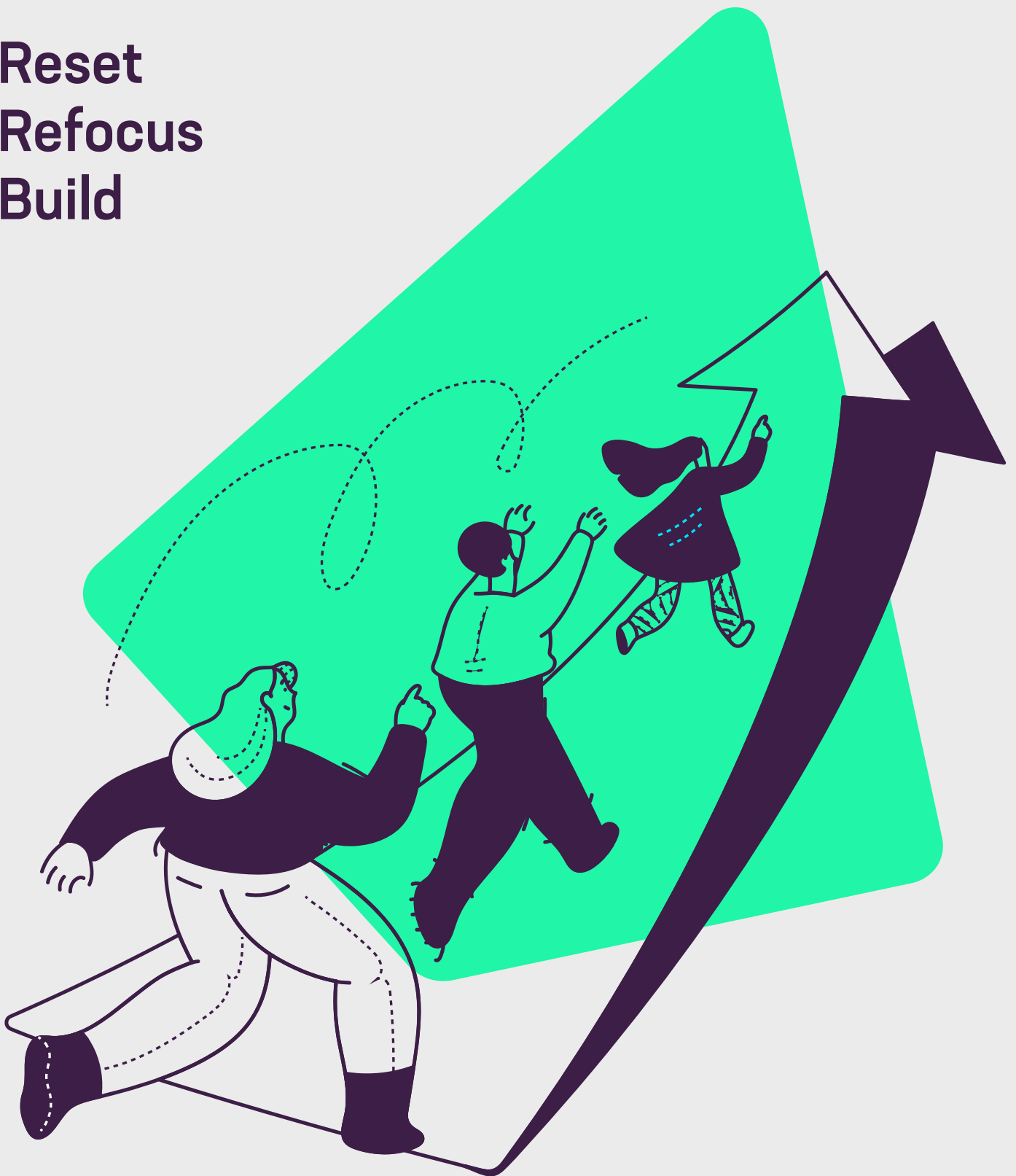
# 2023

Half year profit announcement

Incorporating Appendix 4D

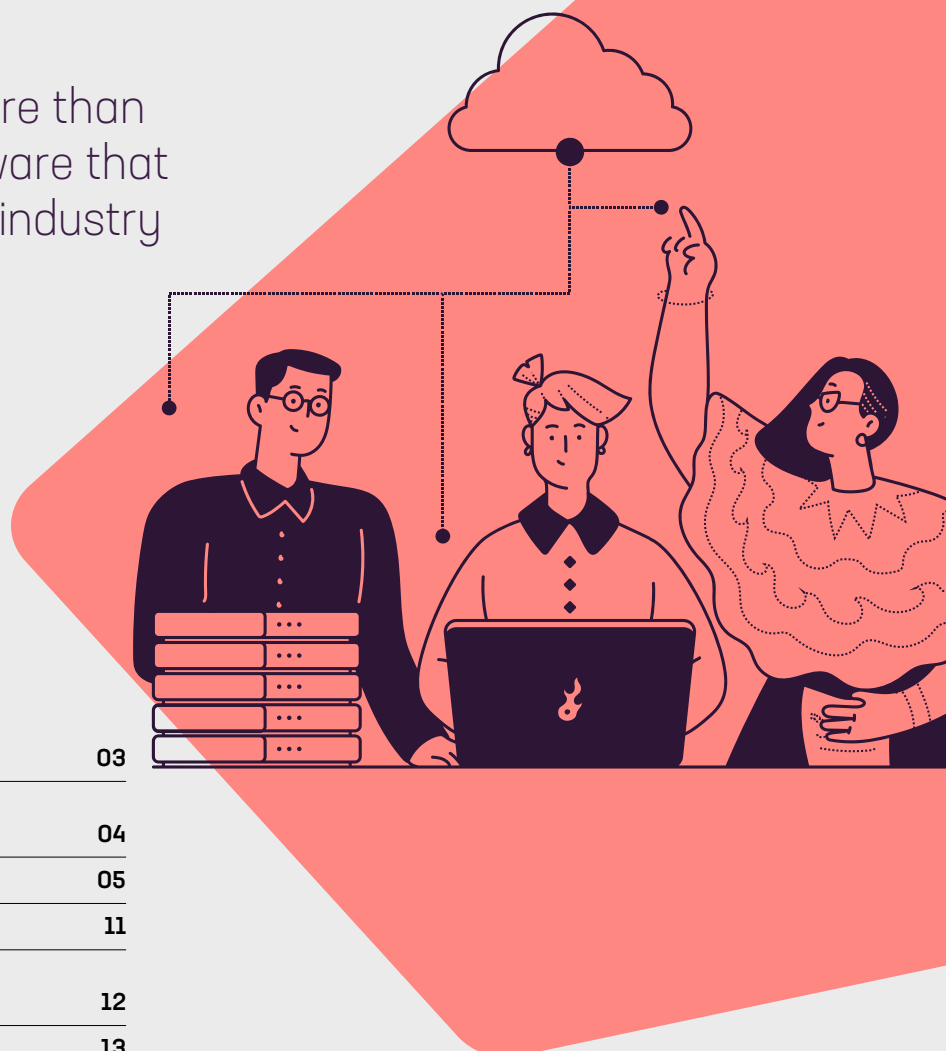
For the six months ended 30 June 2023

**Reset**  
**Refocus**  
**Build**



# We provide technology to **power financial services.**

We are a global team of more than 2,000 people building software that helps the financial services industry perform at its best.



## Contents

<b>Strategy overview</b>	<b>03</b>
<b>ASX Appendix 4D – Half year results announcement to the market</b>	<b>04</b>
<b>Directors' Report</b>	<b>05</b>
<b>Auditor's Independence Declaration</b>	<b>11</b>
<b>Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>	<b>12</b>
<b>Consolidated Statement of Financial Position</b>	<b>13</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>14</b>
<b>Consolidated Statement of Cash Flows</b>	<b>15</b>
<b>Notes to the Consolidated Financial Statements</b>	<b>16</b>
1. Basis of preparation	16
2. Segment information	17
3. (Loss)/profit before income tax expense	19
4. Assets held-for-sale	20
5. Intangible assets	20
6. Borrowings	23
7. Issued capital	23
8. Dividends	24
9. Events subsequent to the Statement of Financial Position date	24
<b>Directors' Declaration</b>	<b>25</b>
<b>Independent Auditor's Review Report</b>	<b>26</b>

# Strategy overview

In April we outlined a refreshed strategy to deliver a simpler, more focused Iress with higher returns for shareholders. We laid out clear actions to reset Iress' cost and asset base, refocus on core business and manage non-strategic businesses for value.

## Our Strategy

### Our vision

Innovative technology company, connecting and empowering millions to generate and manage wealth

### Iress Group financial goal

Consistently achieve 'Rule of 40' returns for shareholders and build new businesses that achieve 'Rule of 40' returns

## Six big jobs to deliver on potential

### Reset

1 Structure for accountability and improved performance

2 Reset the cost and asset base

### Refocus

3 Focus on the core

4 Manage portfolio for value

### Build

5 Finish technology uplift

6 Build new businesses

# ASX Appendix 4D - Half year results announcement to the market

Name of entity	ABN reference
Iress Limited	47 060 313 359

## 1. Reporting periods

Financial half year ended ('current period')	Financial half year ended ('previous corresponding period')
30 June 2023	30 June 2022

## 2. Results for announcement to the market

Key information	Current period \$'000	Previous corresponding period \$'000	Percentage change increase/ (decrease)	Amount increase/ (decrease) \$'000
Revenue from ordinary activities	315,327	308,205	2.3%	7,122
(Loss)/profit before income tax expense	(143,469)	40,364	(455.4%)	(183,833)
Net (loss)/profit attributable to members of parent company	(139,794)	30,620	(556.5%)	(170,414)

## 3. Dividends

Dividend	Period	Payment date	Amount per security Cents	Franked amount per security at 30% tax
Interim dividend	30 June 2023	-	-	-
Final dividend	31 December 2022	17 March 2023	30.0	0%
Interim dividend	30 June 2022	23 September 2022	16.0	25%

## 4. NTA backing

Net tangible asset backing per ordinary share	Current period Cents	31 December 2022 Cents	Previous corresponding period Cents
Net tangible asset backing per ordinary share	(170.32)	(157.75)	(138.02)

NTA backing for the Group is negative, reflecting the nature of the majority of the company's assets relating to recognised intangible assets and unrecognised human capital responsible for creating and maintaining Iress. Net tangible assets for the Group include right-of-use assets and lease liabilities arising from property and other leases.

This Half Year Report should be read in conjunction with the Annual Report of Iress Limited as at 31 December 2022 together with any public announcements made by Iress Limited and its controlled entities during the half year ended 30 June 2023 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001* (Cth).

# Directors' Report

The Directors present their report together with the Consolidated Financial Statements of Iress Limited ("Group"), comprising the company and its controlled entities, for the half year ended 30 June 2023.

## Directors

The Directors of Iress Limited during the half year ended 30 June 2023 and up to the date of this report are set out below:

Name	Tenure
R Sharp	Chair since May 2021 and Independent Non-Executive Director since February 2021
M Price	Independent Non-Executive Director since July 2022 and Managing Director and Chief Executive Officer since October 2022
N Beattie	Independent Non-Executive Director since February 2015
M Dwyer	Independent Non-Executive Director since February 2020
J Fahey	Independent Non-Executive Director since October 2017 and Chair of the People & Performance Committee since February 2020
A Glenning	Independent Non-Executive Director since October 2022
T Vonhoff	Independent Non-Executive Director since February 2020 and Chair of the Audit & Risk Committee since May 2021

## Principal activities

Iress is a technology company designing and developing software and services for the financial services industry. Iress operates across Asia Pacific, the United Kingdom & Europe, Africa, and North America.

## Technology & clients

Our clients range from small retail to large institutional businesses across the financial services industry.

Our technology sits at the centre of our clients' businesses, supporting their core operations with essential infrastructure and functionality, helping them to deliver to their clients, members and customers.

# Directors' Report

## (continued)

Principal activities (continued)

	Software	Clients
<b>Financial advice</b>	<p><b>Integrated financial advice software offering:</b></p> <ul style="list-style-type: none"> <li>• client management</li> <li>• business automation</li> <li>• portfolio data</li> <li>• research</li> <li>• financial planning tools</li> <li>• scaled advice journeys</li> <li>• digital client solutions</li> <li>• data-driven compliance &amp; analytics</li> <li>• regulatory obligations management</li> </ul>	<ul style="list-style-type: none"> <li>• institutional and independent advisory</li> </ul>
<b>Trading &amp; market data</b>	<p><b>Global market data &amp; trading software including:</b></p> <ul style="list-style-type: none"> <li>• market data</li> <li>• trading interfaces</li> <li>• order &amp; execution management</li> <li>• smart order routing</li> <li>• FIX services</li> <li>• portfolio management</li> <li>• securities lending</li> <li>• analytical tools</li> <li>• algorithmic trading</li> <li>• market making</li> <li>• CFD clearing</li> <li>• post trade solutions</li> <li>• trading &amp; market data APIs</li> </ul>	<ul style="list-style-type: none"> <li>• institutional sell-side brokers</li> <li>• retail brokers</li> <li>• online brokers</li> </ul>
<b>Investment management</b>	<p><b>Global investment management &amp; trading software including:</b></p> <ul style="list-style-type: none"> <li>• portfolio management</li> <li>• order &amp; execution management</li> <li>• FIX services</li> <li>• analytical tools</li> <li>• connectivity</li> </ul> <p><b>Integrated software solution offering:</b></p> <ul style="list-style-type: none"> <li>• market data</li> <li>• order management</li> <li>• portfolio management</li> <li>• client relationship management</li> <li>• wealth management</li> </ul> <p><b>Funds administration services including:</b></p> <ul style="list-style-type: none"> <li>• funds registry</li> <li>• retail platform licensing &amp; technology</li> </ul>	<ul style="list-style-type: none"> <li>• investment managers</li> <li>• investment platforms</li> <li>• fund managers</li> <li>• private client advisers &amp; managers</li> <li>• wealth managers</li> <li>• custodians</li> <li>• retail platforms</li> </ul>
<b>Superannuation</b>	<p><b>Superannuation administration software including:</b></p> <ul style="list-style-type: none"> <li>• fund registry</li> <li>• digital member portal</li> <li>• digital advice solutions</li> <li>• fund administration services</li> </ul>	<ul style="list-style-type: none"> <li>• superannuation funds</li> </ul>
<b>Mortgages</b>	<p><b>Multi-channel mortgage sales &amp; origination software including:</b></p> <ul style="list-style-type: none"> <li>• automated workflow</li> <li>• application processing</li> <li>• connectivity</li> </ul> <p><b>Mortgage intermediary software, including:</b></p> <ul style="list-style-type: none"> <li>• mortgage comparison</li> <li>• mortgage advice</li> <li>• lender connectivity</li> </ul>	<ul style="list-style-type: none"> <li>• mortgage lenders</li> <li>• mortgage intermediaries</li> </ul>
<b>Life &amp; pensions</b>	<p><b>Insurance &amp; pension sourcing software including:</b></p> <ul style="list-style-type: none"> <li>• quoting</li> <li>• comparison</li> <li>• application processing</li> </ul>	<ul style="list-style-type: none"> <li>• institutional advisory</li> <li>• independent advisory</li> <li>• mortgage intermediaries</li> </ul>

# Directors' Report

## (continued)

Principal activities (continued)

### Key risks

The material key risks that have the potential to impact Iress are as outlined in the 2022 Annual Report. These risks remain relevant at the interim reporting date.

The Iress Corporate Governance Statement (link provided below), also outlines key risks.

### Changes in state of affairs

There were no significant changes in Iress' state of affairs during the financial period.

### Corporate governance

The Corporate Governance Statement is located here:

<https://www.iress.com/trust/corporate-governance/corporate-governance-statement/>

## REVIEW OF OPERATIONS

### Operating & financial review

		1H 2023 \$m	1H 2022 \$m	1H 2023 v 1H 2022
<b>Operating revenue</b>	Reported	315.3	308.2	2%
	Constant currency basis <sup>(1)</sup>	316.5	308.2	3%
<b>Segment profit</b>	Reported	69.7	80.7	(14%)
	Constant currency basis <sup>(1)</sup>	70.9	80.7	(12%)
<b>Underlying EBITDA</b>	Reported	59.5	71.9	(17%)
	Constant currency basis <sup>(1)</sup>	60.6	71.9	(16%)
<b>(Loss)/profit after tax</b>	Reported	(139.8)	30.6	(557%)
	Constant currency basis <sup>(1)</sup>	(138.8)	30.6	(554%)

(1) Constant currency basis assumes the financial results are converted at the same average foreign exchange rates used in 1H22.

	Operating revenue			Direct contribution <sup>(1)</sup>		
	1H 2023 \$m	1H 2022 \$m	1H 2023 v 1H 2022	1H 2023 \$m	1H 2022 \$m	1H 2023 v 1H 2022
APAC	184.3	175.2	5%	119.8	124.2	(4%)
UK & Europe	75.6	78.0	(3%)	43.7	48.4	(10%)
Mortgages	17.7	16.3	9%	12.4	11.7	6%
South Africa	20.9	22.2	(6%)	15.3	16.8	(9%)
North America	16.8	16.5	2%	6.8	7.6	(11%)
<b>Total group</b>	<b>315.3</b>	<b>308.2</b>	<b>2%</b>	<b>198.0</b>	<b>208.7</b>	<b>(5%)</b>
Product & Technology				(67.9)	(69.7)	3%
Operations				(33.3)	(33.6)	1%
Corporate				(27.1)	(24.7)	(10%)
<b>Segment profit</b>				<b>69.7</b>	<b>80.7</b>	<b>(14%)</b>
Share-based payment expense				(10.2)	(8.8)	16%
<b>Underlying EBITDA</b>				<b>59.5</b>	<b>71.9</b>	<b>(17%)</b>

(1) Direct contribution for each client segment represents revenue less cost of sales and direct costs relating to the sales and account management function of the business.

# Directors' Report

## (continued)

Review of operations (continued)

### Revenue

On a reported basis, operating revenue from ordinary activities for the first half of 2023 was \$315.3m, an increase of 2% from 1H 2022. The increase in revenue compared to 1H 2022 was driven by growth in APAC (predominantly Trading & Market Data, Superannuation and Managed Funds Administration (MFA) & Platforms) as well as Mortgages and North America. On a constant currency basis, revenue for the half year grew 3% from 1H 2022.

### Segment profit

On a reported basis, segment profit for the first half was \$69.7m, a decrease of 14% from 1H 2022. On a constant currency basis, segment profit declined 12% from 1H 2022. The decline in 1H 2023 was driven by higher employee benefit expenses and operating expenses growing at a faster rate than operating revenue largely as a result of vendor price increases and higher cloud storage costs. A material cost reduction project across all segments was undertaken late in the half. This project did not materially benefit 1H 2023 underlying EBITDA but will positively impact future reporting periods.

### APAC

APAC revenue increased 5% from \$175.2m in 1H 2022 to \$184.2m in 1H 2023. The result was driven by revenue growth across Trading & Market Data, Superannuation and Managed Fund Administration (MFA) & Platform businesses.

Trading & Market Data revenue increased 2%. This was underpinned by strong growth in recurring revenues driven by price increases partly offset by churn.

Financial Advice revenue decreased 2%. The performance was driven by existing client reductions to licences and industry consolidation resulting in structural changes to clients that reduced user numbers. This was partly offset by price increases.

Superannuation revenue increased 20%. This strong performance was driven by a super administration client going live in April 2022, price increases and higher non-recurring revenue as a result of increased client project activity. This was partly offset by customer churn.

Revenue from the MFA & Platform businesses increased by 24% with higher Platforms interest revenue being generated on cash balances (partly offset by higher cost of sales) and MFA project activity.

On a reported basis, direct contribution decreased 4% from 1H 2022, and 4% in constant currency. Direct contribution margin declined from 71% to 65%, reflecting increases in vendor costs, particularly cloud storage costs and investment in people to support both existing clients and future growth.

### UK & Europe

On a reported basis, UK & Europe revenue decreased 3% from \$78.0m in 1H 2022 to \$75.6m in 1H 2023. In constant currency, revenue decreased 4% in 1H 2023. Recurring revenue remained flat whilst non-recurring revenues decreased 38% due to large non-repeat client implementation work being completed in 1H 2022.

Trading & Market Data revenue remained flat in 1H 2023. In constant currency, revenue decreased 2%. Performance was driven by growth within the existing client base and price increases offset by customer churn in the Market Data business.

Wealth revenue decreased 10% from 1H 2022 on a constant currency basis, with recurring revenue decreasing 1% from 1H 2022. Non-recurring revenue declined due to non-repeat of large client implementation work within Private Wealth in 1H 2022. Recurring revenue in Private Wealth was up 8% on a constant currency basis due to increase in users by existing clients.

Sourcing revenue increased 3% on a constant currency basis, reflecting increased volume following a new distribution client win and pricing increases.

On a reported basis, direct contribution decreased 10% from 1H 2022, and 10% in constant currency. The direct contribution margin declined from 62% to 58% reflecting increases in vendor costs, particularly cloud storage costs.

### Mortgages

On a reported basis, revenue increased 9% from \$16.3m in 1H 2022 to \$17.7m in 1H 2023. In constant currency, revenue increased 8%.

The increase in revenue is driven by increased subscription revenue due to delivery of increased functionality to existing clients and inflation driven price increases. Subscription licence revenue contributed 64% of total revenue in 1H 2023, up from 60% in 1H 2022. Implementation revenue is broadly consistent with the prior period driven by upgrades and increased functionality at existing clients and implementation revenue from three new clients that will convert to subscription revenue in future periods.

On a reported basis, direct contribution increased 6% from 1H 2022, and 5% in constant currency. The direct contribution margin declined from 72% to 70% due to increased cloud storage costs and increased headcount to support new client implementations.

### South Africa

On a reported basis, revenue decreased 6% from \$22.2m in 1H 2022 to \$20.9m in 1H 2023. In constant currency revenue increased 5%. Revenue growth was largely the result of price increases, offset in part by client exits in 2022.

On a reported basis, direct contribution decreased 9% from 1H 2022, and increased 2% in constant currency. The direct contribution margin declined from 76% to 73% due to the higher cloud storage costs and market data fees.



# Directors' Report

## (continued)

Review of operations (continued)

### North America

On a reported basis, revenue increased 2% from \$16.5m in 1H 2022 to \$16.8m in 1H 2023. In constant currency, revenue increased 1% from 1H 2022.

The revenue increase is attributable to general price increases and higher user numbers at existing clients. Recurring revenue growth was partly offset by lower non-recurring revenues as a result of regulatory driven project work not repeated in 1H 2023.

On a reported basis, direct contribution decreased 11% from 1H 2022 and 11% in constant currency. Contribution margin declined from 46% to 41% due to higher cloud storage costs and increases in market data fees.

### Product & Technology

Product and Technology costs primarily comprise people costs and reflect Iress' ongoing investment in existing and new technology.

On a reported basis, Product and Technology costs decreased 3% from 1H 2022 mainly as a result of organisational restructure and an increased focus on developing new products where related staff costs are capitalised. These items are offset by salary increases and software vendor price rises.

### Operations

Operational costs include core business infrastructure, and people. These include areas such as internal and external communications technology, information security, operating hardware and software, and client help desk.

On a reported basis, Operations costs decreased 1% from 1H 2022 and remained in line on a constant currency basis.

### Corporate

Corporate costs include Iress' central business functions including human resources, finance, communications and marketing, legal and other general corporate costs.

On a reported basis, Corporate costs increased 10% from 1H 2022, whilst on a constant currency basis Corporate costs increased 10%. This was largely the result of moving to cash based incentives for executives, where costs are presented in Corporate costs rather than share-based payment expense.

### Net (loss)/profit after tax

	1H 2023 \$m	1H 2022 \$m	1H 2023 v 1H 2022
<b>Segment profit</b>	<b>69.7</b>	<b>80.7</b>	<b>(14%)</b>
Share-based payment expense	(10.2)	(8.8)	16%
<b>Underlying EBITDA</b>	<b>59.5</b>	<b>71.9</b>	<b>(17%)</b>
Non-operating and significant items	(173.1)	(6.3)	2,648%
Depreciation and amortisation	(19.6)	(20.2)	(3%)
<b>(Loss)/profit before income tax expense</b>	<b>(133.2)</b>	<b>45.4</b>	<b>(393%)</b>
Net interest and financing costs	(10.3)	(5.1)	102%
Income tax benefit/(expense)	3.7	(9.7)	(138%)
<b>Reported (loss)/profit after income tax expense</b>	<b>(139.8)</b>	<b>30.6</b>	<b>(557%)</b>

Share-based payments expenses increased 16%. This is predominantly due to the bringing forward of future expenses as a result of the departure of certain senior executives partially offset by the move to a cash based short term incentive plan for executives.

Significant items include non-operating income and expenses as well as significant project-related expenses that do not form part of the ongoing cost base of the business, so are separately disclosed to provide greater clarity on underlying business performance.

Significant items increased from a \$6.3m expense in 1H 2022, to an expense of \$173.1m in 1H 2023.

The key non-operating and significant items in 1H 2023 included:

- \$130.4m relating to impairment of the UK goodwill and \$12.5m losses on the derecognition of intangible assets due to changes in strategy
- \$11.3m relating to investment in transitioning to a cloud based architecture model
- \$12.9m relating to restructuring and transformation costs

# Directors' Report

## (continued)

Net (loss)/profit after tax (continued)

Depreciation and amortisation (D&A) expenses decreased from \$20.2m in 1H 2022 to \$19.6m in 1H 2023.

Net interest and financing costs of \$10.3m in 1H 2023 was higher than the \$5.1m in 1H 2022. The increase in interest costs was the result of higher levels of borrowings combined with higher interest costs due to changes in market interest rates.

The Group's effective tax rate was (3%) in 1H 2023, which is a function of the significant non-recurring charges incurred in 1H 2023. This compares to a tax rate of 24% reported in 1H 2022.

Iress' reported net profit/(loss) decreased from \$30.6m in 1H 2022 to (\$139.8m) in 1H 2023. The decrease in net profit/(loss) in 1H 2023 largely reflects impairment of goodwill relating to the UK, which is reported within 'non-operating and significant items'.

### Statement of Financial Position

Intangible assets reduced by \$144.0m during the period primarily due to the \$130.4m impairment of goodwill relating to the UK CGU, \$12.5m loss on the derecognition of capitalised internally developed computer software and other acquired intangible assets. Goodwill and other intangible assets of \$29.7m relating to Iress' Managed Funds Administration (MFA) business have been reclassified as Assets held-for-sale (Refer to note 4 and note 5).

Other intangible assets movements include amortisation of \$7.6m, which was offset by \$8.2m of capitalised development costs and foreign currency translation movements of \$28.3m.

Net debt (measured as borrowings excluding capitalised borrowing costs, net of derivatives, and less cash and cash equivalents) increased by \$49.7m to \$375.8m during the period ended 30 June 2023.

As a result, the leverage ratio (calculated based on Segment profit and reflecting definitions in Iress' lending agreements) increased to 2.8x at the end of the period compared to 2.2x at the start of the period.

### Dividends

No interim dividend was declared (1H22: interim dividend of 16.0 cents per share was declared and paid, franked to 25% at a 30% corporate tax rate).

### Events subsequent to the Statement of Financial Position date

On 19 August 2023, Iress entered into a binding agreement to divest its Managed Funds Administration (MFA) business for total cash consideration of \$52 million. The financial effects of the transaction have not been recognised at 30 June 2023.

There has been no other matter nor circumstance that has arisen since the end of the financial period which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent periods.

### Auditor's independence declaration


A copy of the auditor's independence declaration, as required under section 307C of the *Corporations Act 2001* (Cth), is set out on page 11.

### Rounding of amounts

The amounts shown in this report and in the half year financial statements have been rounded off, except where otherwise stated, to the nearest thousand dollars, the Company being in a class specified in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission.


Signed in accordance with a resolution of the Directors made pursuant to section 306(3) of the *Corporations Act 2001* (Cth).

On behalf of the Directors.



**Roger Sharp**

Chair



**Marcus Price**

Managing Director and Chief Executive Officer

Melbourne 20 August 2023

# Auditor's Independence Declaration



Ernst & Young  
8 Exhibition Street  
Melbourne VIC 3000 Australia  
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000  
Fax: +61 3 8650 7777  
ey.com/au

## Auditor's independence declaration to the directors of Iress Limited

As lead auditor for the review of the half-year financial report of Iress Limited for the half-year ended 30 June 2023 I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Iress Limited and the entities it controlled during the financial period.

A handwritten signature in black ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink that reads 'David Petersen'.

David Petersen  
Partner  
20 August 2023

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 30 June 2023

	Notes	Half year ended 30 June	
		2023 \$'000	2022 \$'000
Revenue from contracts with customers		315,327	308,205
Customer data fees and other direct expenses		(33,613)	(27,944)
Communication and other technology expenses		(42,483)	(36,304)
Employee benefit expenses		(164,780)	(157,606)
Net other expenses	3	(187,983)	(20,758)
Depreciation and amortisation expense		(19,638)	(20,212)
<b>(Loss)/profit before interest and income tax expense</b>		<b>(133,170)</b>	<b>45,381</b>
Interest income		875	70
Interest expense		(11,174)	(5,087)
Net interest and financing costs		(10,299)	(5,017)
<b>(Loss)/profit before income tax expense</b>		<b>(143,469)</b>	<b>40,364</b>
Income tax benefit/(expense)		3,675	(9,744)
<b>(Loss)/profit after income tax expense</b>		<b>(139,794)</b>	<b>30,620</b>
Other comprehensive income/(loss)			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations <sup>(1)</sup>		12,827	(13,792)
Tax related to exchange differences recognised directly in foreign currency translation reserve <sup>(2)</sup>		-	(36)
Total other comprehensive income/(loss) for the period		12,827	(13,828)
<b>Total comprehensive (loss)/profit for the period</b>		<b>(126,967)</b>	<b>16,792</b>
		<b>Cents per share</b>	<b>Cents per share</b>
<b>Earnings per share</b>			
Basic (losses)/earnings per share		(76.5)	16.4
Diluted (losses)/earnings per share		(76.5)	16.2

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

(1) Under AASB121 The Effects of Changes in Foreign Exchange Rates, the foreign exchange gain or loss on these monetary items is recognised directly in other comprehensive income rather than the profit or loss.

(2) Relates to the tax effect on exchange differences arising from intercompany monetary items that are treated as part of a net investment in a foreign operation.

# Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	30 June 2023 \$'000	31 December 2022 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		58,369	63,353
Receivables and other assets		78,190	83,661
Assets held-for-sale	4	33,911	-
Derivative assets		177	-
Current taxation receivables		15,531	11,552
<b>Total current assets</b>		<b>186,178</b>	<b>158,566</b>
<b>Non-current assets</b>			
Intangible assets	5	580,984	724,998
Plant and equipment		26,772	28,519
Right-of-use assets		56,042	60,638
Deferred tax assets		37,125	27,340
<b>Total non-current assets</b>		<b>700,923</b>	<b>841,495</b>
<b>Total assets</b>		<b>887,101</b>	<b>1,000,061</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables and other liabilities		97,680	81,791
Lease liabilities		15,460	15,447
Provisions		9,526	9,628
Liabilities held-for-sale	4	4,749	-
Derivative liabilities		-	150
Current taxation payables		498	451
<b>Total current liabilities</b>		<b>127,913</b>	<b>107,467</b>
<b>Non-current liabilities</b>			
Lease liabilities		53,248	58,880
Provisions		1,503	2,463
Borrowings	6	433,359	388,424
Deferred tax liabilities		8,242	9,014
<b>Total non-current liabilities</b>		<b>496,352</b>	<b>458,781</b>
<b>Total liabilities</b>		<b>624,265</b>	<b>566,248</b>
<b>Net assets</b>		<b>262,836</b>	<b>433,813</b>
<b>EQUITY</b>			
Issued capital	7	419,065	419,065
Share-based payments reserve		19,183	26,329
Cash flow hedge reserve		177	(150)
Foreign currency translation reserve		7,457	(5,370)
Accumulated losses		(183,046)	(6,061)
<b>Total equity</b>		<b>262,836</b>	<b>433,813</b>

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes in Equity

For the half year ended 30 June 2023

	Issued capital <sup>(1)</sup> \$'000	Share-based payments reserve \$'000	Cash flow hedge reserve <sup>(2)</sup> \$'000	Foreign currency translation reserve \$'000	Retained earnings/(accumulated losses) \$'000	Total equity \$'000
<b>Balance at 1 January 2022</b>	<b>493,883</b>	<b>26,178</b>	-	<b>7,323</b>	<b>9,529</b>	<b>536,913</b>
Profit for the period	-	-	-	-	30,620	30,620
Other comprehensive loss	-	-	-	(13,828)	-	(13,828)
<b>Total comprehensive (loss)/income</b>	-	-	-	<b>(13,828)</b>	<b>30,620</b>	<b>16,792</b>
<i>Transactions with owners in their capacity as owners:</i>						
Purchase of shares for employee share schemes	(22,957)	-	-	-	-	(22,957)
On-market buy-back of shares	(22,407)	-	-	-	-	(22,407)
Dividends declared or paid	-	-	-	-	(56,889)	(56,889)
Share-based payment expense	-	8,808	-	-	-	8,808
Transfer of share-based payments reserve <sup>(4)</sup>	-	(18,776)	-	-	18,776	-
	<b>(45,364)</b>	<b>(9,968)</b>	-	-	<b>(38,113)</b>	<b>(93,445)</b>
<b>Balance at 30 June 2022</b>	<b>448,519</b>	<b>16,210</b>	-	<b>(6,505)</b>	<b>2,036</b>	<b>460,260</b>

	Issued capital <sup>(1)</sup> \$'000	Share-based payments reserve \$'000	Cash flow hedge reserve <sup>(2)</sup> \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Balance at 1 January 2023</b>	<b>419,065</b>	<b>26,329</b>	<b>(150)</b>	<b>(5,370)</b>	<b>(6,061)</b>	<b>433,813</b>
Loss for the period	-	-	-	-	(139,794)	(139,794)
Other comprehensive income	-	-	327	12,827	-	13,154
<b>Total comprehensive income/(loss)</b>	-	-	<b>327</b>	<b>12,827</b>	<b>(139,794)</b>	<b>(126,640)</b>
<i>Transactions with owners in their capacity as owners:</i>						
Dividends declared or paid	-	-	-	-	(55,374)	(55,374)
Share-based payment expense	-	11,682	-	-	-	11,682
Cash-settled employee equity shares <sup>(3)</sup>	-	(645)	-	-	-	(645)
Transfer of share-based payments reserve <sup>(4)</sup>	-	(18,183)	-	-	18,183	-
	-	<b>(7,146)</b>	-	-	<b>(37,191)</b>	<b>(44,337)</b>
<b>Balance at 30 June 2023</b>	<b>419,065</b>	<b>19,183</b>	<b>177</b>	<b>7,457</b>	<b>(183,046)</b>	<b>262,836</b>

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

(1) During the period, the total number of ordinary shares in issue increased from 184,582,474 to 186,789,474 as a result of the new shares issued to employees in relation to employee share schemes. The number of treasury shares outstanding as at 30 June 2023 is 3,339,644 (31 December 2022: 3,381,003) (Refer to Note 7).

(2) The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction affects the profit or loss, or is included directly in the initial cost or other carrying amount of the hedged non-financial items (basis adjustment).

(3) Vested employee equity shares settled in cash at the discretion of the Board in lieu of being issued.

(4) The movement from share-based payment reserves to retained earnings represents the grant date fair value of share-based payments that have vested during the period. In addition it includes the grant date fair value of awards that have been forfeited or lapsed during the period. The amount transferred reflects the value recognised as a share-based payment expense over the vesting period.

# Consolidated Statement of Cash Flows

For the half year ended 30 June 2023

	Half year ended 30 June	
	2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>		
Cash generated from operating activities	57,783	74,691
Interest received	860	14
Interest and borrowing costs paid	(9,185)	(3,064)
Interest on lease liabilities	(997)	(1,211)
Income tax paid	(8,266)	(11,398)
<b>Net cash inflow generated from operating activities</b>	<b>40,195</b>	<b>59,032</b>
<b>Cash flows from investing activities</b>		
Payments for purchase of intangible assets	(8,244)	(7,330)
Payments for purchase of plant and equipment	(3,239)	(3,780)
Proceeds from sale of plant and equipment	-	8
Payment for deferred consideration	-	(4,400)
<b>Net cash outflow utilised by investing activities</b>	<b>(11,483)</b>	<b>(15,502)</b>
<b>Cash flows from financing activities</b>		
Purchase of shares for employee share schemes	-	(22,957)
On-market buyback of shares, net of tax	-	(22,393)
Share buyback fees paid	-	(14)
Payment of lease liabilities	(7,981)	(7,462)
Dividends paid	(55,420)	(56,929)
Proceeds from borrowings	95,213	334,636
Repayment of borrowings	(65,213)	(263,636)
<b>Net cash outflow utilised by financing activities</b>	<b>(33,401)</b>	<b>(38,755)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,689)</b>	<b>4,775</b>
Cash and cash equivalents at the beginning of the financial year	63,353	64,393
Effects of exchange rate changes on cash and cash equivalents	(295)	(1,360)
<b>Cash and cash equivalents at end of the half year</b>	<b>58,369</b>	<b>67,808</b>

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

# Notes to the Consolidated Financial Statements

For the half year ended 30 June 2023

## 1. Basis of preparation

Iress Limited (the 'Company') is a for-profit company domiciled in Australia. The half year financial report is a general purpose financial report comprising the Company and its subsidiaries (collectively referred to as the 'Group' or 'Iress') for the period ended 30 June 2023. The half year financial statements:

- were prepared in accordance with the *Corporations Act 2001* (Cth), Australian Accounting Standards and Interpretations, and International Financial Reporting Standards (IFRS), including AASB 134 Interim Financial Reporting
- were authorised for issue by the Directors on 20 August 2023
- were prepared on a historical cost basis, except for derivative financial instruments and investments in financial assets which have been measured at fair value
- all amounts are presented in Australian dollars, unless otherwise stated
- the amounts in this report have been rounded off to the nearest thousand dollars, unless otherwise stated, as allowed under ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191 dated 24 March 2016 (ASIC guidance).

The half year financial report does not include all notes of the type normally included within the annual financial report. Accordingly, it should be read in conjunction with the annual financial report of Iress for the year ended 31 December 2022 and any public announcements made by Iress during the half year ended 30 June 2023 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001* (Cth).

The accounting policies used are consistent with those applied in the 2022 Annual Report except as noted below:

### (a) Adoption of new accounting standards

In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for annual reporting periods commencing on or after 1 January 2023 including the following:

- |   |  |
|---|--|
| • AASB 17 Insurance contracts                               | • <i>Measurement of insurance liabilities</i>  |
| • AASB 2021-2 Amendments to Australian Accounting Standards | • <i>Disclosure of Accounting Policies and Definition of Accounting Estimates</i>            |
| • AASB 2020-3 Amendments to Australian Accounting Standards | • <i>Annual Improvements 2018-2020 and Other Amendments</i>                                  |
| • AASB 2021-5 Amendments to Australian Accounting Standards | • <i>Deferred tax related to assets and liabilities arising from a single transaction</i>    |
| • AASB 2021-6 Amendments to Australian Accounting Standards | • <i>Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards</i> |
| • AASB 2021-7 Amendments to Australian Accounting Standards | • <i>Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections</i>      |
| • AASB 2022-1 Amendments to Australian Accounting Standards | • <i>Initial application of AASB 17 and AASB 9 – comparative information</i>                 |
| • AASB 2022-6 Amendments to Australian Accounting Standards | • <i>Non-current Liabilities with Covenants</i>  |
| • AASB 2022-8 Amendments to Australian Accounting Standards | • <i>Insurance Contracts – Consequential Amendments</i>                                      |
| • AASB 2023-2 Amendments to AASB 112                        | • <i>International Tax Reform Pillar Two Model Rules</i>                                     |

None of these standards had a material impact on the Group in the current period and are not expected to have a material impact in future reporting periods or on foreseeable future transactions.

### (b) Standards in issue but not yet effective

At the date of authorisation of the financial report, the following new accounting standards, amendments and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not yet been applied by Iress within this financial report:

- |  |  |
|--|--|
| • AASB 2014-10 Consolidated Financial Statements and AASB 128 Investments in Associates (amendments) | • <i>Sale or contribution of assets between an investor and its associate or joint venture<sup>(2)</sup></i> |
| • AASB 2020-1 Amendments to Australian Accounting Standards  | • <i>Classification of liabilities as current or non-current<sup>(1)</sup></i>                               |
| • AASB 2022-5 Amendments to Australian Accounting Standards  | • <i>Lease Liability in a Sale and Leaseback<sup>(1)</sup></i>   |
| • AASB 2023-1 Amendments to Australian Accounting Standards  | • <i>Amendments to AASB 107 and AASB 7 – Disclosures of Supplier Finance Arrangements<sup>(1)</sup></i>      |
| • AASB 2023-3 Amendments to Australian Accounting Standards  | • <i>Disclosure of Non-current Liabilities with Covenants: Tier 2<sup>(1)</sup></i>                          |

(1) Effective for annual periods beginning on or after 1 January 2024

(2) Effective for annual periods beginning on or after 1 January 2025

Iress does not believe these new accounting standards, amendments and interpretations will have a material impact on the financial statements of the Group in future periods.



# Notes to the Consolidated Financial Statements

## (continued)

### 1. Basis of preparation (continued)

#### (c) Significant sources of estimation uncertainty

The following assets and liabilities recognised in the Consolidated Statement of Financial Position as at 30 June 2023 are subject to estimates made about future performance and, as such, require significant judgment:

##### (i) Goodwill

Significant judgment is required in the assumptions used in the value-in-use and fair value less costs of disposal models used in impairment testing. Refer to Note 5 for further information.

##### (ii) Credit Loss Allowance

The Group's credit loss allowance is recognised within 'Receivables and other assets' in the Consolidated Statement of Financial Position. The Group applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

Expected credit losses are measured by grouping trade receivables and contract assets based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts.

A provision matrix is then determined based on the historical credit loss rate for each group of clients, adjusted for any material expected changes to the future credit risk for that client group.

The adjustment for material expected changes to credit risk for each client group requires judgment about future events. As such, a significant increase in actual credit losses from that expected would significantly impact on financial performance. Iress continues to monitor credit exposures closely and carefully.

##### (iii) Deferred tax assets

Deferred tax assets recognised at 30 June 2023 include an amount of \$14.6 million which related to carried-forward tax losses of the Australian tax consolidated group and various foreign subsidiaries. The losses have been incurred during the half year and over prior financial years and relate to non-operating costs incurred in recent periods and tax losses acquired with certain business acquisitions. The Group has performed an analysis of the amount of losses expected to be utilised against future taxable income based on business plans and budgets for the relevant entities and concluded that the tax effect of the portion of tax losses recognised as deferred tax assets will be recoverable.

## 2. Segment information

Iress has a global presence. The Managing Director and Chief Executive Officer (Iress' Chief Operating Decision Maker) receives internal reporting split by the segments listed below.

Any transactions directly between segments are charged on an arm's length basis.

Iress segments comprise:

#### (a) Client segments

Client segment financial performance is measured in terms of revenue and direct contribution (defined as revenue less the direct costs of the customer-facing teams that oversee this revenue generation). The Group's client segments are:

##### APAC

Consists of the

- Trading & Market Data business, which provides market data, trading, compliance, order management, portfolio systems and related tools to financial markets participants in Australia, New Zealand and Asia;
- Financial Advice business, which provides financial planning systems and related tools to wealth management professionals located in Australia and New Zealand; and
- Superannuation business which provides fund administration software and related tools to the superannuation industry.

##### UK & Europe

Incorporates the financial markets business which provides information, trading, compliance, order management, portfolio systems, and related tools to cash equity participants; and the wealth management business, which provides financial planning systems and related tools to wealth management professionals located in the United Kingdom. In addition, market data services are provided to customers throughout the UK and Europe.

##### Mortgages

The Mortgages segment operates in the United Kingdom to provide mortgage origination software and associated consulting services to banks.

# Notes to the Consolidated Financial Statements

## (continued)

### 2. Segment information (continued)

#### South Africa

Provides information, trading, compliance, order management, portfolio systems and related tools to financial markets participants and provides financial planning systems and related tools to wealth management professionals located in South Africa.

#### North America

Provides information, trading, compliance, order management, portfolio systems and related tools to financial markets and wealth management participants in Canada. In addition, market data services are provided to customers in the United States of America.

### (b) Cost functions

#### Product & Technology

All costs associated with product and technology will be reported under this cost function, giving a clear view of the substantial investment made by Iress in maintaining and enhancing its products.

#### Operations

Includes costs to run client-facing and corporate operations activity, including hosting and networks, information security, client help desks, and property infrastructure.

#### Corporate

All other corporate functions include legal, finance, risk & compliance, human resources and marketing as well as the Board of Directors, and Chief Executive Officer.

The revenue, segment profit, and reconciliation to the Group results are shown below:

	Operating revenue <sup>(1)</sup>			Direct contribution			
	1H23 \$'000	2H22 \$'000	1H22 \$'000	1H23 \$'000	2H22 \$'000	1H22 \$'000	
<b>Client segments</b>	APAC	184,240	181,276	175,239	119,801	123,194	124,215
	UK & Europe	75,630	75,521	77,948	43,739	46,792	48,346
	Mortgages	17,708	15,187	16,294	12,356	10,003	11,714
	South Africa	20,916	21,245	22,200	15,259	16,046	16,819
	North America	16,833	16,494	16,524	6,839	6,955	7,649
	<b>Total group</b>	<b>315,327</b>	<b>309,723</b>	<b>308,205</b>	<b>197,994</b>	<b>202,990</b>	<b>208,743</b>
<b>Cost functions</b>	Product & Technology			(67,865)	(63,960)	(69,651)	
	Operations			(33,321)	(33,137)	(33,603)	
	Corporate			(27,073)	(21,485)	(24,762)	
	<b>Total indirect costs</b>			<b>(128,259)</b>	<b>(118,582)</b>	<b>(128,016)</b>	
	<b>Group segment profit</b>			<b>69,735</b>	<b>84,408</b>	<b>80,727</b>	
	Share-based payment expense			(10,244)	(10,697)	(8,808)	
	<b>Underlying earnings before interest, tax, depreciation and amortisation</b>			<b>59,491</b>	<b>73,711</b>	<b>71,919</b>	
<b>Group results</b>	Non-operating and significant items <sup>(2)</sup>			(173,023)	(18,796)	(6,326)	
	Depreciation and amortisation			(19,638)	(20,443)	(20,212)	
	<b>(Loss)/profit before interest and income tax expense</b>			<b>(133,170)</b>	<b>34,472</b>	<b>45,381</b>	
	Net interest and financing costs			(10,299)	(7,674)	(5,017)	
	Income tax benefit/(expense)			3,675	(5,504)	(9,744)	
	<b>Net (loss)/profit after tax expense</b>			<b>(139,794)</b>	<b>21,294</b>	<b>30,620</b>	

(1) Operating revenue is recognised 'over time' in accordance with AASB 15 Revenue from Contracts with Customers.

(2) Predominantly relates to significant non-recurring project expenses, M&A related expenses, restructuring and transformation costs, the impairment of goodwill and the losses on the derecognition of other intangible assets.

Non-operating items of income/(expense) are items not considered part of primary revenue generating activities or ongoing operating cost base of the business. Significant items of expenses are items that could be considered as part of normal ordinary business but due to the nature, the expense is non-recurring or larger than normal and not reflective of the ongoing performance of the business. These items are separated from other expenses to provide additional transparency of the on-going underlying expenses in the longer term. Refer to Note 3.

# Notes to the Consolidated Financial Statements

## (continued)

### 3. (Loss)/profit before income tax expense

The (loss)/profit before income tax includes the following:

	Notes	Half year ended 30 June	
		2023 \$'000	2022 \$'000
Fees to auditors		(1,169)	(973)
Irrecoverable trade debtors expenses		(441)	(229)
Credit loss allowances released/(recognised) to the profit and loss		450	(7)
Marketing expenses <sup>(1)</sup>		(1,834)	(1,552)
Professional and legal fees <sup>(1)</sup>		(2,321)	(2,399)
Office related expenses and business insurance premiums <sup>(1)</sup>		(6,289)	(6,563)
Rental expense relating to short-term or low-value leases		(92)	(86)
Other operating expenses <sup>(1)</sup>		(3,264)	(2,623)
		<b>(14,960)</b>	<b>(14,432)</b>
Realised/unrealised losses on foreign balances		(886)	(87)
Non-operating income		269	121
Business acquisition & divestments and integration		(816)	(2,126)
Restructuring and transformation cost		(12,880)	(752)
Recognition of severance pay provision		(93)	(92)
Technology uplift program		(11,332)	(2,039)
Impairment of goodwill <sup>(2)</sup>		(130,384)	-
Losses on the derecognition of intangible assets <sup>(3)</sup>		(12,519)	-
(Losses)/gains on the disposal of plant and equipment		(416)	8
Gains on the de-recognition of right-of-use assets and lease liabilities		221	-
Other significant items		(4,187)	(1,359)
		<b>(173,023)</b>	<b>(6,326)</b>
<b>Net other expenses</b>		<b>(187,983)</b>	<b>(20,758)</b>

(1) Prior year reclassification of marketing, professional, legal and office related expenses previously disclosed as other operating expenses.

(2) Impairment of goodwill relating to the UK's CGU being written down to its recoverable amount (Refer to Note 5).

(3) Derecognition of capitalised internally developed computer software and acquired other intangible assets (Refer to Note 5).

# Notes to the Consolidated Financial Statements

## (continued)

### 4. Assets held-for-sale

Non-current assets (or disposal group) are classified as held-for-sale and measured at the lower of their carrying amount and fair value less costs of disposal if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset to be classified as held-for-sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised in the Statement of Profit or Loss if the carrying amount of the non-current asset held-for-sale exceeds its fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less cost of disposal of a non-current asset held-for-sale but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset held-for-sale is recognised at the date of derecognition.

Iress entered into a binding agreement for the sale of its Managed Funds Administration (MFA) business on 19 August 2023. The associated current and non-current assets and liabilities of the disposal group have been classified as held-for-sale as at 30 June 2023. The results of the MFA business are accounted for in the APAC client segment. At 30 June 2023, the carrying amount of MFA's total assets amounted to \$33.9 million and the total liabilities amounted to \$4.8 million.

The following assets and liabilities were reclassified as held-for sale.

	<b>30 June 2023 \$'000</b>
<b>ASSETS</b>	
<b>Current assets</b>	
Receivables and other assets	4,211
<b>Non-current assets</b>	
Goodwill	11,886
Computer software	12,023
Other intangibles assets	2,796
Capitalised work-in-progress	2,995
<b>Current liabilities</b>	
Payables and other liabilities	(104)
Accruals	(1,691)
<b>Non-current liabilities</b>	
Provisions for employee benefits	(784)
Deferred tax liabilities	(2,170)
<b>Total net assets held-for-sale</b>	<b>29,162</b>

### 5. Intangible assets

Intangible assets for the Group comprise goodwill arising from business combinations, customer relationships, computer software and other intangibles (mainly acquired databases and brands). Intangible assets with finite lives are carried at cost, less accumulated amortisation, and accumulated impairment losses.

Goodwill recognised arose from business combinations where the fair value of the consideration paid exceeded the fair value of the assets acquired. Goodwill is considered to have an indefinite life and is not amortised as it represents the synergistic benefits of bringing the businesses together.

Customer relationships, a proportion of computer software and other intangibles were acquired as part of business combinations. These intangible assets are initially recognised at their fair value at the acquisition date. The remainder of computer software was either separately acquired or developed internally, and recognised at cost. Subsequent to initial recognition, intangible assets other than goodwill and work-in-progress are amortised over the expected useful lives noted below.

Internally generated intangible assets are recognised where the cost of actual development can be reliably measured and clearly distinguished from research and ongoing operating and maintenance activities. These costs that are directly associated with the development of software are recognised where the following criteria are met:

- It is technically feasible to complete the software product so that it is available for use
- Management intends to complete the software product and use or licence it to customers, and there is adequate technical, financial, and other resources to complete the development
- There is an ability to use or licence the software product and it can be demonstrated how the product will generate future economic benefits
- The expenditure attributable to the software product during its development can be reliably measured.

# Notes to the Consolidated Financial Statements

## (continued)

### 5. Intangible assets (continued)

The costs remain in work-in-progress during the development phase and are transferred to computer software when products are considered ready for their intended use. A significant percentage of software development within the Group occurs contemporaneously with the research phase and ongoing operating and maintenance activities in supporting core customer systems. As a result, the separation of the cost of development can be imprecise and difficult to reliably measure. Accordingly, where the expenditure related to the development activity cannot be reliably measured, the Group recognises the amounts as expenses in the period they are incurred.

#### (a) The carrying value of intangible assets is shown below:

	Goodwill \$'000	Customer relationships \$'000	Computer software \$'000	Other intangibles \$'000	Work-in- progress \$'000	Total \$'000
<b>As at 31 December 2022</b>						
Cost	603,738	51,129	125,075	4,802	25,836	810,580
Accumulated amortisation	-	(27,673)	(57,295)	(614)	-	(85,582)
<b>Net carrying value</b>	<b>603,738</b>	<b>23,456</b>	<b>67,780</b>	<b>4,188</b>	<b>25,836</b>	<b>724,998</b>
<b>Movement for the year</b>						
Balance at 1 January 2021	622,481	28,603	74,464	1,723	15,344	742,615
Reclassified between asset classes <sup>(1)</sup>	-	-	5,142	2,615	(7,757)	-
Separately acquired	-	-	3	-	-	3
Internally generated development costs	-	-	-	-	19,900	19,900
Derecognition	-	-	(645)	-	(1,620)	(2,265)
Amortisation	-	(4,877)	(11,058)	(149)	-	(16,084)
Foreign currency translation	(18,743)	(270)	(126)	(1)	(31)	(19,171)
<b>Balance at 31 December 2022</b>	<b>603,738</b>	<b>23,456</b>	<b>67,780</b>	<b>4,188</b>	<b>25,836</b>	<b>724,998</b>
<i>Expected useful life (years)</i>	<i>indefinite</i>	<i>5 to 15</i>	<i>2 to 20</i>	<i>nil to 20</i>	<i>nil</i>	
<b>As at 30 June 2023</b>						
Cost	488,705	52,771	108,106	1,540	20,083	671,205
Accumulated amortisation	-	(30,924)	(59,297)	-	-	(90,221)
<b>Net carrying value</b>	<b>488,705</b>	<b>21,847</b>	<b>48,809</b>	<b>1,540</b>	<b>20,083</b>	<b>580,984</b>
<b>Movement for the half year period</b>						
Balance at 1 January 2023	603,738	23,456	67,780	4,188	25,836	724,998
Reclassified between asset classes <sup>(1)</sup>	-	-	607	530	(1,137)	-
Reclassified to assets held-for-sale	(11,886)	-	(12,023)	(2,796)	(2,995)	(29,700)
Impairment of goodwill <sup>(2)</sup>	(130,384)	-	-	-	-	(130,384)
Internally generated development costs	-	-	-	-	8,244	8,244
Derecognition <sup>(3)</sup>	-	-	(2,360)	-	(10,159)	(12,519)
Amortisation	-	(1,877)	(5,359)	(382)	-	(7,618)
Foreign currency translation	27,237	268	164	-	294	27,963
<b>Balance at 30 June 2023</b>	<b>488,705</b>	<b>21,847</b>	<b>48,809</b>	<b>1,540</b>	<b>20,083</b>	<b>580,984</b>
<i>Expected useful life (years)</i>	<i>indefinite</i>	<i>3 to 15</i>	<i>1 to 20</i>	<i>indefinite</i>	<i>nil</i>	

(1) Transfer of capitalised internally generated software when products were considered ready for their intended use.

(2) Impairment of goodwill relating to the UK's CGU being written down to its recoverable amount.

(3) As a result of a strategic review completed in March 2023, refocusing Iress' technology development and commercial businesses and prioritising its technology resources, \$12.5 million of capitalised internally developed and acquired intangible assets were derecognised.

# Notes to the Consolidated Financial Statements

## (continued)

### 5. Intangible assets (continued)

#### Impairment testing

Goodwill is tested for impairment annually, or more frequently when indicators of impairment are identified. During the half year, the Group announced its intention to implement a restructure of its operating segments for management reporting purposes from the second half of the 2023 Financial Year. Cash flow forecasts for each CGU were revised in line with the strategy review and indicated possible impairment of goodwill attributable to the UK CGU. Consequently, goodwill recognised for each CGU of the Group was tested for impairment as at 30 June 2023.

The recoverable amounts of goodwill recognised in respect of the APAC Financial Market, ANZ Wealth Management and International Market Data CGUs have been calculated based on the value-in-use, using a discounted cash flow (DCF) approach. The DCF approach uses post-tax cash flow projections based on the most recent five-year financial plan updated for current performance and is discounted at an appropriate after-tax discount rate, taking into account the Group's weighted average cost of capital adjusted for any risks specific to the CGU. Terminal growth rates applied in the DCF are based on estimates of long term inflation and nominal GDP growth in the country in which the CGU primarily operates.

In April 2023, Iress announced a new organisation structure and strategy which resulted in the creation of a Managed Portfolio of businesses that will be managed for value. In light of this structural and strategic change, the recoverable amount of the UK, UK Mortgages, South Africa and Canadian CGUs has been assessed on a fair value less cost of disposal basis (previously value-in-use method). Fair value less costs of disposal has been calculated using discounted cash flow projections over five years, which include estimated cost reductions from proposed restructuring initiatives, and deducting the estimated costs of disposal. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation.

The carrying amount of the UK CGU has been reduced to its recoverable amount through recognition of an impairment loss against goodwill. This impairment loss of \$130.4 million (£70.1 million) is included in net other expenses in the consolidated statement of profit or loss and other comprehensive income.

The allocation of goodwill to each CGU and assumptions applied in calculating the recoverable amounts of the goodwill in testing for impairment include:

	Allocated goodwill		Post-tax discount rates		Long-term growth rates	
	30 June 2023 \$'000	31 December 2022 \$'000	30 June 2023 %	31 December 2022 %	30 June 2023 %	31 December 2022 %
<b>Cash generating unit tested</b>						
APAC Financial Market	44,038	42,727	9.4	9.2	2.5	3.0
ANZ Wealth Management	118,840	130,864	9.4	9.2	2.5	3.0
International Market Data	5,525	5,293	9.0	8.4	2.0	2.5
UK	208,065	318,106	9.7	9.5	2.0	3.0
UK Mortgages	84,002	78,171	9.7	9.0	2.0	3.0
South Africa	12,914	13,534	17.9	18.1	5.0	5.0
Canada	15,321	15,043	9.4	9.8	2.0	2.5
	<b>488,705</b>	<b>603,738</b>				

#### Significant estimates made

The cash flow projections used in the impairment test are made with consideration to other available information and estimations including actual performance to date, discount rates, assumptions around future performance and expected revenue and cost growth.

In addition to assumed discount rates and long term growth rates disclosed above, the fair value less costs of disposal cash flow projections assume a revenue compound annual growth rate (CAGR) of 1.4% to 7.2% and operating expense inflation of 2.0% to 4.9%. The fair value less costs of disposal model also includes estimated cost reductions from proposed restructuring initiatives and costs of disposal of 2% of fair value.

#### Sensitivity to changes in assumptions

The UK CGU's fair value less costs of disposal cash flow projections assume a revenue CAGR of 1.4% and an operating expense CAGR of 0.3%. Reasonably possible changes in key assumptions on which the recoverable amount of the goodwill of the UK CGU are based are as follows:

	+/- 1% change in revenue - CAGR	+/- 1% change in discount rate	+/- 1% change in long Term growth rate
Estimate changes in recoverable value of UK CGU goodwill	\$29.8m/(\$28.7m)	(\$12.8m)/\$16.7m	\$12.0m/(\$9.2m)

Any adverse changes in key assumptions used in determining the recoverable amount of the UK CGU will result in further impairment, as the carrying amount of the UK CGU has been reduced to its recoverable amount. Reasonably possible changes in key assumptions on which the recoverable amount of the goodwill recognised in respect of all other CGUs within the Group would not cause their carrying values to exceed the respective recoverable amounts.

# Notes to the Consolidated Financial Statements

## (continued)

### 5. Intangible assets (continued)

#### Other intangible assets

In addition to CGU impairment testing, the Group evaluated other intangible assets during half year. The strategic review completed in April 2023, refocused Iress' technology development and commercial businesses. As a result of changes in the prioritisation of technology resources, \$12.5 million of internally developed and acquired intangible assets were derecognised.

### 6. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any gains or losses are recognised in the Statement of Profit or Loss in the event the borrowings are derecognised.

On 7 June 2023, Iress entered into an agreement with one of its existing lenders for a new two-year \$50 million multi currency facility. Details of borrowings at carrying value held by the Group are as follows:

	Borrowings at carrying value	
	30 June 2023 \$'000	31 December 2022 \$'000
<b>Non-current</b>		
<b>\$50 million bank facility to June 2025</b>		
EUR	30,372	-
<b>\$350 million bank facilities to October 2025</b>		
AUD	201,000	171,000
GBP	62,885	58,520
EUR	24,626	52,689
<b>£60.5 million fixed rate notes to May 2029</b>		
GBP	115,289	107,288
<b>Total amount drawn</b>	<b>434,172</b>	<b>389,497</b>
Borrowing costs capitalised	(813)	(1,073)
<b>Total borrowings</b>	<b>433,359</b>	<b>388,424</b>

### 7. Issued capital

On 1 March 2023, Iress issued 2,207,000 shares to fund the vesting of equity rights to executives and the issue of deferred shares to selected employees for nil consideration.

The number of ordinary shares at the half year ended 30 June 2023 include:

	Amount		Number of shares	
	30 June 2023 \$'000	31 December 2022 \$'000	30 June 2023 '000	31 December 2022 '000
<b>Balance at the beginning of the period/year</b>	419,065	493,883	184,582	189,628
New shares issued to employees in relation to employee share schemes	-	-	2,207	-
Shares purchased and issued to employees in relation to employee share schemes	-	(22,957)	-	-
On-market share buy-back	-	(52,255)	-	(5,046)
Shares issued under employee Share Purchase Plan	-	394	-	-
	<b>419,065</b>	<b>419,065</b>	<b>186,789</b>	<b>184,582</b>
Less Treasury Shares <sup>(1)</sup>			(3,340)	(3,381)
<b>Balance at the end of the period/year</b>	<b>419,065</b>	<b>419,065</b>	<b>183,449</b>	<b>181,201</b>

(1) Treasury shares represent unvested and unallocated or allocated shares held by the Employee Share Trust.

# Notes to the Consolidated Financial Statements

## (continued)

### 8. Dividends

	Half year ended 30 June	
	2023 \$'000	2022 \$'000
<b>Dividends recognised and paid during the half year</b>		
Final dividend for 2022: 30.0 cents per share unfranked (2021: 30.0 cents per share franked to 15%)	55,374	56,889
	<b>55,374</b>	<b>56,889</b>
<b>Dividends declared after balance date</b>		
Interim dividend for 2023: Nil (2022: 16.0 cents per share franked to 25%)	-	29,969
<b>Franking credit balance</b>		
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2022: 30%)	-	2,647

### 9. Events subsequent to the Statement of Financial Position date

On 19 August 2023, Iress entered into a binding agreement to divest its Managed Funds Administration (MFA) business for total cash consideration of \$52 million. The financial effects of the transaction have not been recognised at 30 June 2023.

There has been no other matter nor circumstance that has arisen since the end of the financial period which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent periods.



# Directors' Declaration

For the half year ended 30 June 2023


The Directors declare that in the Directors' opinion:

(a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and  
(b) the attached half year financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the financial position as at 30 June 2023 and the performance of the Group for the half year ended on that date, and
- (ii) compliance with Accounting Standards AASB 134 *Interim Financial Reporting and the Corporation Regulations 2001*.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the Directors.



**Roger Sharp**

Chair



**Marcus Price**

Managing Director and Chief Executive Officer

Melbourne 20 August 2023

# Independent Auditor's Review Report



8 Exhibition Street  
Melbourne VIC 3000 Australia  
GPO Box 67  
Melbourne VIC 3001

Tel: +61 3 9288 8000  
Fax: +61 3 8650 7777  
ey.com/au

## Independent auditor's review report to the members of Iress Limited

### Conclusion

We have reviewed the accompanying half-year financial report of Iress Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 30 June 2023, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

# Independent Auditor's Review Report

(continued)



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in black ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink that reads 'David Petersen'.

David Petersen  
Partner  
Melbourne  
20 August 2023