



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

4 May 2023

Dear Manager,

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

Please find attached the following documents to be presented at this morning's Annual General Meeting of Iress Limited:

- CEO address;
- Chair address; and
- direct and proxy votes received on each resolution in advance of the meeting.

Yours sincerely

Peter Ferguson  
Chief Legal Officer & Company Secretary



**Iress Annual General Meeting**  
**Thursday 4 May 2023**  
**Melbourne**

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

For those who attended the Investor Day we held on 20 April, you will have heard me remark that it has been an eventful 23 months since I took over as Iress' Chair in 2021.

Within a relatively short period of time we have experienced a takeover offer, appointed a new CEO, held two investor days to articulate two different strategies, made an earnings downgrade and held an EGM.

Marcus' appointment to CEO provided myself and the Board with the opportunity to reflect on what we've learned during our time with the company, as well as from our accumulated years in the technology and financial services sectors.

We have spent a considerable amount of time developing an improved pathway for your company. Always at the heart of our discussions has been our desire to do the right thing for shareholders, for clients and for employees.

It is clear to us that Iress must deliver improved returns at a much faster cadence.

At the Investor Day, Marcus outlined a clear vision for a simpler, higher performing Iress with:

- clearer lines of accountability and performance metrics;
- new business leaders;
- a renewed focus on customers; and
- a reduced cost base.

He also flagged changes to our remuneration model.

In 2021 when I was appointed to this position we immediately sought shareholder feedback on Iress. The feedback from shareholders was consistent - that the business was too complex, that EPS had flat-lined and that while it was a potentially great business it wasn't meeting its potential. A number of you have also raised concerns that our remuneration model was not closely aligned enough with shareholder outcomes.

We are confident that the changes outlined on 20 April, and changes yet to be announced, will address shareholders' concerns. I'll quickly address the company performance and remuneration issues.

The more focused vision we have announced for Iress will improve accountability for delivering outcomes for customers and shareholders. Strategies are easy to articulate but delivery requires focused execution. There is a lot of work going on inside Iress to ensure we think through and resource the delivery of the changes we have mapped out.

We are spending a lot of time thinking about how we link the way we remunerate our people to the new strategy. We have engaged an external consultant to support us with this activity which is now approaching completion. It will result in the introduction of a new reward framework during calendar 2023 that will align Iress with market norms and will result in two major changes:

1. replacing the existing Equity Rights program with an alternative Short Term Incentive plan (thereby replacing an element of fixed remuneration with a performance-based incentive); and
2. Replacing the existing Long Term Incentive Plan with a new plan that reflects our new operating structure and strategy.

We will seek feedback from shareholders on the refreshed approach prior to holding an Extraordinary General Meeting to approve the changes in a few months.

### **FY22 Financial performance**

Iress delivered a solid performance in 2022 but fell short of expectations. On a reported basis, revenue was up by 4% while Net Profit After Tax was down 29% to \$52.7m. Reported Earnings Per Share were down 26% to 28.6c, with Segment Profit down 1%.

However, it is worth noting that the declines in reported NPAT and EPS were almost entirely driven by non operating and significant items in 2022 which had included a \$23.3m non-cash gain on the finalisation of earnout provisions relating to the QuantHouse and BC Gateways acquisitions.

While this performance was within the range of the revised guidance, it clearly fell short of our expected performance and further underscores the importance of the updated strategy and renewed focus announced at Investor Day.

I do wish to point out however that we set ourselves the task of improving EPS, and that Constant Currency Underlying EPS improved by 10% in the year.

### **Capital management and Balance Sheet**

The Company is focused on improving its financial metrics including EPS and ROIC. During 2022 we completed a \$100m on-market share buyback as part of that program, which contributed to the improvement in underlying EPS.

In April of this year, Iress announced it had launched a sale process for its Managed Fund Administration and Platforms businesses, as well as exploring further opportunities to execute a carefully managed program to release capital across other aspects of its portfolio.

At Investor Day, we announced that the Company would be increasing leverage in the short term during its transformation process. In the medium term, net debt will be targeted at 1.5-2.0x EBITDA. De-leveraging will be driven by divestments and earnings growth.

### **Dividends**

The Company has declared a final dividend of 30 cents per share franked to 0%, bringing the full year 2022 dividend to 46.0 cents per share.

### **Environmental and Social Governance**

During 2022, Iress continued to make good progress on its approach to ESG. We were again recognised by the Australian Council of Superannuation Investors as one of just six ASX 200 technology companies to achieve a 'Detailed' rating – recognising our commitment to transparency.

We are committed to effectively managing risks across our operations, including cyber security, modern slavery and climate change.

Key highlights in 2022 included establishing a near term science-based emission reduction target, developing our inaugural response to the Task Force on Climate-related Financial Disclosures, strengthening our support of Talent Beyond Boundaries, revising and strengthening our risk management framework and establishing an internal working group on modern slavery.

### **Board structure**

In May 2022, John Cameron retired from the Iress Board, having served as a Non-Executive Director for 12 years. The Board thanks Mr Cameron for his considerable contribution over many years.

In August 2022, we announced that Tony Glenning would join the Board as an independent Non-Executive Director. Tony has over 25 years' experience in the software industry, 14 of those living and working in Silicon Valley. Shareholders will hear from Tony when we put Resolution 1 to the meeting.

### **In summary**

Before handing over to Marcus to say a few words, I'd like to acknowledge and thank shareholders for staying the course as we navigate change and reposition this business for future success. I'd also like to welcome several significant new shareholders to the register.

Finally, I'd like to thank the broader Iress team for its professionalism and focus at this time, as well as my fellow Board members for their diligence, hard work and counsel over the year. This has not been an easy time at Iress but we have embarked on a very necessary journey and, as they say, the bus has now left the station. We are on the journey, and it is exciting.

I'll now invite Marcus to say a few words.

Marcus, over to you.

## **CEO ADDRESS - MARCUS PRICE**

Thank you Roger.

Thank you for the support and guidance from you and the Board over what has been a very busy six months since joining Iress.

Today I will reflect on our 2022 performance, as well as briefly cover the intent of the strategy refresh we announced two weeks ago at Investor Day

### **2022 financial performance**

Reiterating Roger's point from earlier, our 2022 financial results represent a solid performance albeit not meeting our expectations.

We saw the strength of Iress' core Australian franchise, with domestic revenues increasing for the APAC region by 6% on a constant currency basis. Here, Iress enjoys leading market share, with excellent products critical to our clients' businesses while playing in large, growing addressable markets with long-term recurring revenues.

Our Superannuation business also performed well. Recurring revenues grew by 17% in constant currency supported by new client wins, including Commonwealth Super Corporation. All super funds are seeking to solve for operational efficiency and improved member experience, underpinned by digitisation. In this respect, Iress is one of the best-placed independent technology partners in this market.

Outside Australia, a number of our offshore markets underperformed. The UK in particular was disappointing, with overall revenue growth declining by 1% in constant currency. Growth in recurring revenue in Private Wealth and Trading Cost offset churn in Retail Wealth in that region.

## Strategy Update

As I mentioned at the EGM when I officially joined Iress, I have been a long-time admirer of this Company.

Iress has an enviable reputation in the financial services industries, particularly here in Australia where our software is an essential part of the wealth and trading & market data ecosystem.

The capabilities here at Iress are first rate, and our legacy of innovation has shaped the markets we sit at the centre of.

However, it's clear that change is required to guide Iress to its next growth horizon.

Our objective is to remain at the forefront of our chosen industries in our chosen markets where opportunity abounds. And I firmly believe there's never been a better time to be in financial advice and investment management.

We are on the cusp of a new era, and it's our job to step into that and drive the change necessary in the industry.

What we aspire to be is a company with the attributes of higher growth and EBITDA margins, that rates amongst leading, global technology peers.

The strategy we outlined on 20 April encompasses three phases: Reset, Refocus and Build.

Within those phases are six big jobs for us to execute on to achieve our potential. These include:

1. **Structure for accountability and performance.** Here we will transition to a product-led business unit structure which orients us closer to clients, driving improved performance. We will see tighter spans of control to drive efficiency and focus, while retaining functional overlays to ensure we retain focus on culture, shared client accounts and corporate services. As part of these changes, we announced some changes to our Leadership Team - including the establishment of four CEOs to manage the new business units: Harry Mitchell - CEO Wealth, Jason Hoang - CEO Trading & Market Data, Paul Giles - CEO Superannuation and our current CFO John Harris has moved to CEO - Managed Portfolio. Anita Chow, our current Group Financial Controller will act as Group CFO in the interim.

We also announced Ana Smith - Chief Strategy and Transformation Officer to drive the transformation program, David Hentschke - Chief Innovation Officer to lead development of growth ventures, and Justin Schmitt - Chief Operating Officer to drive accountability and efficiency with Simon New appointed CEO - UK. The Chief Product Officer role is not part of our structure going forward, and as a result our current CPO Joydip Das has decided to leave Iress to pursue other opportunities.

Additionally, as Roger mentioned, we will be replacing our remuneration framework with a performance-based model aligned to business unit performance as well as shareholder returns. We will seek feedback and approval from shareholders on this renewed approach.

2. **Reset our cost and asset base.** This will involve us running a program of cost savings through a 10% headcount reduction by 30 June 2023, with further efficiencies expected through the new organisational structure. We will also deliver on a program of asset realisation, commencing with a process to divest our MFA and Platforms businesses while executing an ongoing process of management and capital repatriation from non-strategic assets. This has also led to us announcing a \$123m write down, primarily relating to the carrying value of our UK assets.

3. **Refocus on the core.** As reflected in our 2022 financial performance, our analysis has confirmed that our core Australian franchises are incredibly strong with opportunities abounding in the industries we serve here: wealth management, trading & market data and superannuation. We see significant opportunities to grow and expand leading positions in Australian wealth management and trading & market data, with strong and growing demand for superannuation software as industry transitions to automated administration models. We will prioritise investments in our core software to focus on uplifting software functionality, expanding industry connectivity and investing to grow new capabilities in digital advice and data.
4. **Manage portfolio for value.** We have announced a new approach to how we manage the broader portfolio of assets under the Iress umbrella, including the UK, South Africa and Canada as well as MFA and Platforms. Here we'll adopt a private equity mindset including empowering local management teams and exploring alternate funding models to release capital back to the group. Underperforming or non-strategic assets will be divested; beginning with our MFA and Platforms businesses.
5. **Finish technology uplift.** Our previously announced transition to a platform-based architecture and cloud optimisation program has made great progress and will be brought to a close by Q1 2024. We will, however, be extending the original scope of the program to include initiatives to improve our client experience with targeted investments in our core trading and advice software. These will also be concluded by the beginning of 2024.
6. **Build new businesses.** We will be investing to innovate and build new organic business development opportunities by cultivating and accelerating a disciplined approach to innovation. Our immediate focus will be on developing the next generation of wealth capabilities to meet the growing demand for advice, while exploring opportunities in data & AI, and enhancing our connectivity capabilities in wealth and trading.

Finally, we will be taking a very disciplined and rigorous approach to executing on this plan, including establishing clear governance at the Board and Management Team level, as well as setting up a dedicated Transformation Office to oversee the delivery and benefit realisation of the initiatives.

Ultimately, our objective is to create an innovative technology company which connects and empowers millions to generate and manage wealth.

Our financial goal is to drive a consistent Rule of 40 performance across all core Iress businesses, and to build new businesses which are at or above the Rule of 40 standard.

I have every confidence we have the right strategy, the right team and the right support from the Iress Board to deliver on these objectives. I look forward to sharing progress with you over the coming months, as well as rewarding our loyal shareholders with long-term, sustainable growth and higher returns.

Thank you Roger, back to you.

## IRESS LIMITED

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## 2023 Annual General Meeting (4/05/2023)

## Vote Totals - Based on the first resolution

|                                                                        |             |
|------------------------------------------------------------------------|-------------|
| Securities On Issue                                                    | 186,789,474 |
| Valid Securities Voted - (For, Against, Open Usable, Open Conditional) | 137,929,025 |
| Valid Securities Voted (%)                                             | 73.84       |
| Total Securityholders Cast                                             | 200         |

## Vote Details

| Resolution                   | Vote type     | Voted       | %     | % of all securities |
|------------------------------|---------------|-------------|-------|---------------------|
| 1, ELECTION OF MR.GLENNING   | For           | 137,669,254 | 99.81 | 73.70               |
|                              | Against       | 79,486      | 0.06  | 0.04                |
|                              | Open-Usable   | 180,285     | 0.13  | 0.10                |
|                              | Board         | 51,711      | 0.04  | 0.03                |
|                              | Non-Board     | 128,574     | 0.09  | 0.07                |
|                              | Open-Cond     | 0           | 0.00  | 0.00                |
|                              | Open Unusable | 0           | N/A   | 0.00                |
|                              | Abstain       | 127,440     | N/A   | 0.07                |
|                              | Excluded      | 0           | N/A   | 0.00                |
| 2, RE-ELECT MS. VANHOFF      | For           | 132,776,150 | 96.28 | 71.08               |
|                              | Against       | 4,970,503   | 3.60  | 2.66                |
|                              | Open-Usable   | 175,771     | 0.12  | 0.09                |
|                              | Board         | 47,197      | 0.03  | 0.03                |
|                              | Non-Board     | 128,574     | 0.09  | 0.07                |
|                              | Open-Cond     | 0           | 0.00  | 0.00                |
|                              | Open Unusable | 0           | N/A   | 0.00                |
|                              | Abstain       | 134,040     | N/A   | 0.07                |
|                              | Excluded      | 0           | N/A   | 0.00                |
| 3, REMUNERATION REPORT       | For           | 120,750,579 | 87.56 | 64.65               |
|                              | Against       | 16,829,941  | 12.20 | 9.01                |
|                              | Open-Usable   | 335,545     | 0.24  | 0.18                |
|                              | Board         | 206,971     | 0.15  | 0.11                |
|                              | Non-Board     | 128,574     | 0.09  | 0.07                |
|                              | Open-Cond     | 0           | 0.00  | 0.00                |
|                              | Open Unusable | 0           | N/A   | 0.00                |
|                              | Abstain       | 140,400     | N/A   | 0.08                |
|                              | Excluded      | 0           | N/A   | 0.00                |
| 4, AMENDMENT TO CONSTITUTION | For           | 137,468,421 | 99.79 | 73.60               |
|                              | Against       | 109,749     | 0.08  | 0.06                |
|                              | Open-Usable   | 169,465     | 0.13  | 0.09                |
|                              | Board         | 38,431      | 0.03  | 0.02                |
|                              | Non-Board     | 131,034     | 0.10  | 0.07                |
|                              | Open-Cond     | 0           | 0.00  | 0.00                |
|                              | Open Unusable | 0           | N/A   | 0.00                |
|                              | Abstain       | 308,830     | N/A   | 0.17                |
|                              | Excluded      | 0           | N/A   | 0.00                |
| 5, APPOINT EXTERNAL AUDITOR  | For           | 136,821,655 | 99.17 | 73.25               |
|                              | Against       | 983,068     | 0.71  | 0.53                |
|                              | Open-Usable   | 169,465     | 0.12  | 0.09                |
|                              | Board         | 38,431      | 0.03  | 0.02                |
|                              | Non-Board     | 131,034     | 0.09  | 0.07                |
|                              | Open-Cond     | 0           | 0.00  | 0.00                |
|                              | Open Unusable | 0           | N/A   | 0.00                |
|                              | Abstain       | 82,277      | N/A   | 0.04                |
|                              | Excluded      | 0           | N/A   | 0.00                |

Please note: Voting forms have been recorded and audited. The figures above can now be regarded as final.

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## Source of Vote

|                 | Keyed     | Scanned | Intermediary<br>Online | Proximity  | InvestorVote<br>Desktop | InvestorVote<br>Mobile | Other |
|-----------------|-----------|---------|------------------------|------------|-------------------------|------------------------|-------|
| Votes           | 8,466,873 | 0       | 66,145,536             | 54,076,859 | 9,186,403               | 180,794                | 0     |
| Securityholders | 39        | 0       | 5                      | 3          | 127                     | 26                     | 0     |



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**FOR**

A direction to the proxyholder to vote 'For' the resolution.

**AGAINST**

A direction to the proxyholder to vote 'Against' the resolution.

**OPEN – USABLE**

Undirected votes given to a proxyholder to vote as the proxyholder thinks fit.

**OPEN – CONDITIONAL**

The Open-Conditional votes may eventuate from one of the following situations:

**Situation 1** - Open votes given by a securityholder, to a person who is subject to the Voting Exclusion Statement under ASX Listing Rule 14.11 or an Associate of that person, as their proxy; or

**Situation 2** - Open votes given by a securityholder, who is subject to the Voting Exclusion Statement under ASX Listing Rule 14.11 or an Associate of that person, to a proxy who is not subject to the voting exclusion.

The "Condition" recognises that the company will disregard any votes cast in favour by the appointed proxy.

**OPEN – UNUSABLE**

No votes will be classified to this category as the voting intention is now obsolete.

**ABSTAIN**

A direction to the proxyholder to abstain from voting on the resolution. These votes will not be counted in computing the required majority on a poll.

**EXCLUDED**

Votes of a securityholder who has appointed a proxy and the securityholder and proxyholder are prohibited from voting on a resolution due to a Voting Exclusion.