



Market Announcement

Investor Presentation

Sydney, 20 February 2025 – Further to Integrated Research Limited's (**Company, IR**) (ASX:IRI) announcement to the market today on its results for the half-year ended 31 December 2024, please find attached the presentation to be delivered this morning.

This announcement is approved for release by the Board.

Leanne Ralph
Company Secretary
Integrated Research Limited
ABN 76 003 588 449

About Integrated Research Limited (ASX: IRI). Integrated Research (IR) is the leading global provider of user experience and performance management solutions for payment transactions and collaborative systems. We create value through our real-time, scalable & extensible hybrid cloud platform and our deep domain knowledge to optimise operations of mission-critical systems and improve user experience through intelligent and actionable insights. We enable many of the world's largest organisations to simplify complexity and provide visibility over systems that millions of people can't live without – systems that allow them to transact and collaborate. For further information on IR, visit www.ir.com.



Integrated Research Limited (ASX:IRI) FY2025 Half-Year Financial Results

20 February 2025

Ian Lowe, CEO
Christian Shaw, CFO



IR provides Observability...



Deeper insight. Better experiences. Discover better.

Powered by Prognosis

Our technology harvests and analyses real time data to help large enterprise control and optimise their IT ecosystem.



Optimise

business-critical technology



Monitor

performance in real time



Future-proof

technology investments



Reduce

downtime and outages



Turn big data into

intelligent insight



Improve productivity

optimise efficiency and user experience

Trusted by the world's leading organisations



Strategy Reset



IR has come from...

- Revenue performance reliant on contract renewals, which are lumpy
- Revenue contribution from new business has been inconsistent and insufficient to offset reliance on renewals
- Limited investment in building new products that will support growth in new business revenue

IR has reset its strategy to...

- Invest in innovation to create and commercialise new products
- Grow sales pipeline and revenue contribution from new business (new clients + upsell to existing clients)
- Transition to sustainable growth and a future less reliant on contract renewals

Summary of 1H FY25 Results



- **Growth in new business revenue** – \$7.6m up by 76% versus PCP (prior corresponding period) - points to progress against strategic objective to accelerate new business growth
- **Softer 1H TCV/statutory revenue** - reflects softer 1H renewal book. TCV \$26.5m - down 36% versus PCP, Statutory Revenue \$28.8m - down 29% versus PCP - aligns to focus on new business revenue
- **EBITDA** - \$4.6m down by 58% on PCP
- **Underlying performance steady** - pro forma revenue down by 2%
- **New product released, foundation client secured** – *High Value Payments* product release completed, major US bank signed

New Product Release: High Value Payments - major US bank signed



Client: US Bank

5-year term/new client

10.4 million transactions per month

Solution: *High Value Payments* (Transact)

What are high value payments? A large payment that results in a bank-to-bank settlement, and/or a corporate transaction.

How do banks manage high value payments? High value payments are queued and individually assessed by banks for compliance and commercial risk.

What value does IR's High Value Payments product deliver? IR's *High Value Payments* product allows a bank to assess their high value payments queue holistically and historically to identify status, progress, monitor real time availability across the bank's settlement toolset (including CHIPS, SWIFT, and Fedwire), assess liquidity risk and compliance risk.

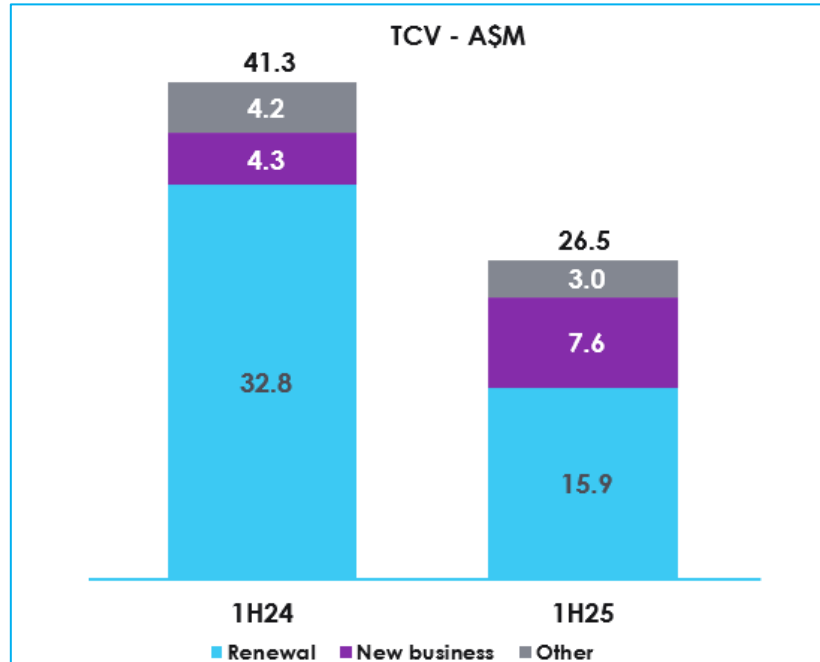
- IR's *High Value Payments* product reduces compliance, liquidity and commercial risk for banks.
- Major US bank signed is a reference client for sales activity targeted to existing bank clients (upsell), and new clients.



Financials

TOTAL CONTRACT VALUE (TCV)

Softer renewals book in 1H25; solid new business growth

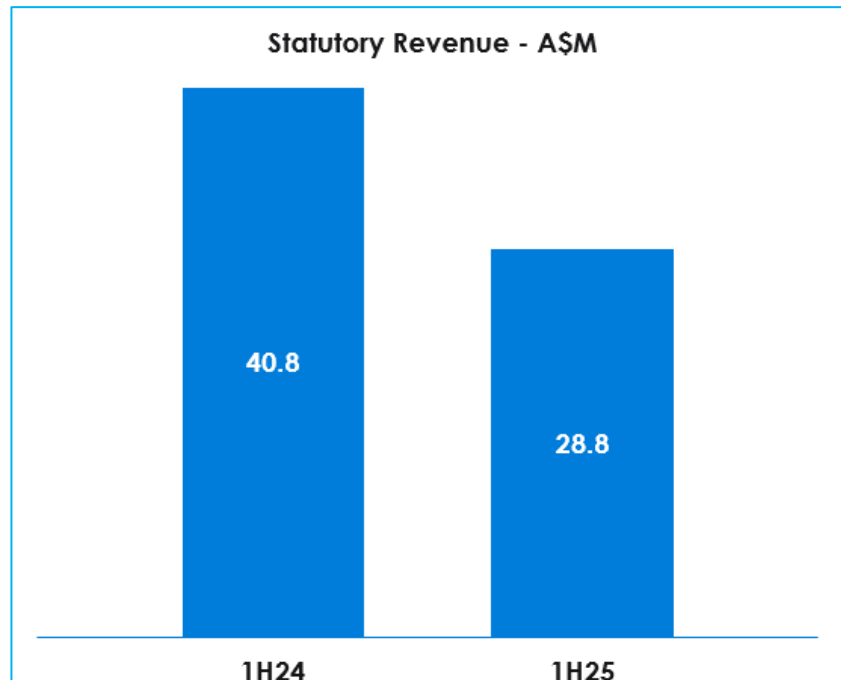


1H25 TCV \$26.5m (-36%)

- TCV is the total value of client contracts secured in any given period
- 1H25 TCV softer driven by FY25 renewals book
- New business (new clients and upsell to existing clients) at \$7.6m up 76% v PCP
 - Growth in TCV from new clients achieved in multiple products and multiple geographies
 - Encouraging early results for product led growth strategy
- Average contract life reduced from 4 to 3 years, due to shift in contract product mix

STATUTORY REVENUE

Statutory revenue aligned to TCV



1H25 Statutory Revenue \$28.8m (-29%)

- Under Statutory Revenue, the licence component of a contract is recognised upfront, rather than over the life of the contract
- Statutory Revenue tracks Total Contract Value, and can be lumpy
- Softer 1H Statutory Revenue reflects softer renewals book
- Growth in new business revenue contribution at 26% versus 10% PCP

PRO FORMA REVENUE



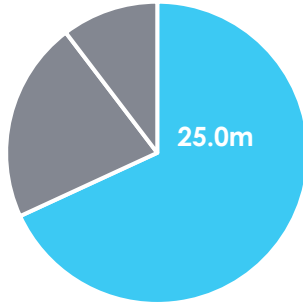
1H25 Pro forma Revenue \$36.6m (-2%)

- Pro forma Revenue apportions upfront licence fee revenue evenly over the life of the contract.
- Pro forma Revenue remains steady at \$36.6m or 2% lower versus PCP
- 89% is secured via term based contracts
- No material impact from currency movement
- IR is targeting sustainable growth in Pro forma Revenue over the medium term, supported by its product-led growth strategy

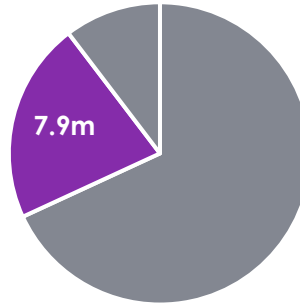
PRO FORMA REVENUE by territory

New business growth in Americas and APAC

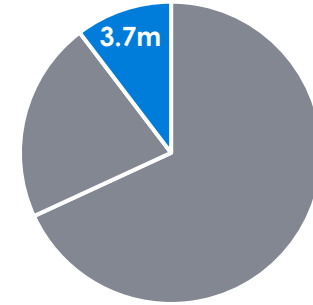
Americas stable



APAC up 1%



Europe down 16%



Americas

- Americas stable against PCP
- Strong new business sales including key win with anchor client in Transact

APAC

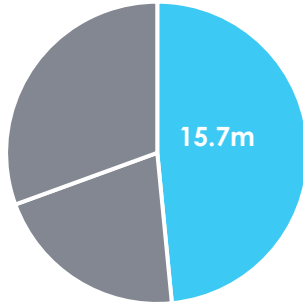
- APAC up 1% up on PCP
- Strong new business sales including key win with MSP in Collaborate

Europe

- Europe down 16% on PCP
- Go to market refresh in progress post global re-alignment in Jul-24

PRO FORMA REVENUE by product (excl services)

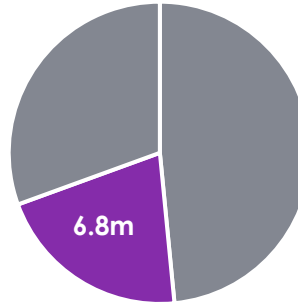
Collaborate down 10%



Collaborate

- Collaborate down 10% vs PCP
- Improvement in new business offset by downsize and churn

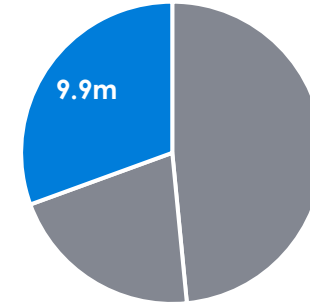
Transact up 10%



Transact

- Transact growth vs PCP driven by new business (new clients and upselling to existing clients)

Infrastructure up 6%



Infrastructure

- Infrastructure growth vs PCP largely driven by upsell

* pro forma revenue by product excludes services

* See the Appendix for related information in the 'pro forma Summary Breakdown' slide

EBITDA

Operating profit, aided by strong cost management and other gains

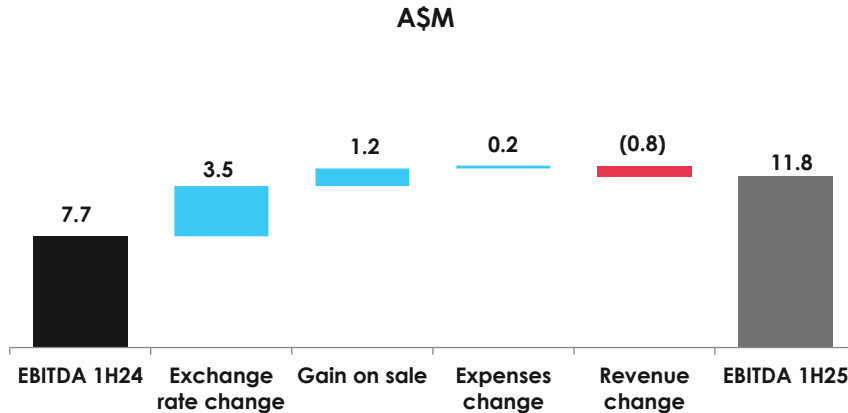
In thousands of AUD	1H25	1H24	Change %
Total revenue	28,839	40,844	-29%
Total Operating expenses	-27,476	-28,475	-4%
Other gains and (losses)	3,280	-1,412	332%
EBITDA	4,643	10,957	-58%

1H25 EBITDA \$4.6m (-58%)

- EBITDA performance reflective of softer 1H revenue
- Largely fixed cost base sees the business well positioned to benefit from operating leverage over the medium term
- EBITDA benefited during the period from:
 - Cost management, operating expenses reduction of \$1.0m or 4%
 - \$3.3m non-operating gains (FX and gain on sale of non-core Testing solutions business)
- There was no capitalisation during the period, as R&D focused on short-term feature completion, IR Labs remained in ideation/research phase

PRO FORMA EBITDA

Growth reflects uplift from other gains

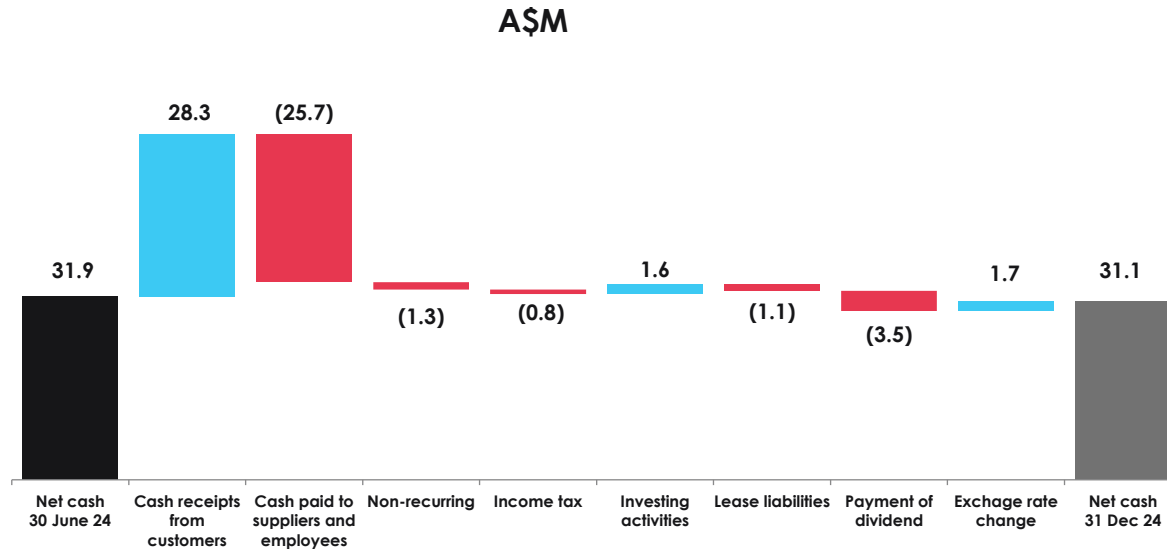


1H25 Pro forma EBITDA \$11.8m (+53%)

- Pro forma EBITDA takes pro forma revenue and deducts expenses after adjusting commission costs for timing differences, to ensure revenues and expenses are matched to the correct reporting period
- Pro forma EBITDA is a preferential measure of underlying operating profitability, as it 'looks through' period on period TCV and statutory revenue cycles
- Between 1H24 and 1H25, the Pro forma EBITDA increase reflects an uplift from other gains, (FX and disposal of a non-core business)

NET CASH

Benefit of exchange rate movements and gain on asset sale



1H25 Net Cash \$31.1m (-3%)

- Cash flow from operations of \$0.5m
 - Customer receipts lower due to soft renewals book and timing
 - Supplier and employee payments includes \$1.3m of non-recurring people and office move costs
- Investing activities includes interest receipts, proceeds from sale of testing business, and relocation costs for new Sydney office. Bond of \$1.1m from office relocation was refunded post period
- Fully franked, FY24 final dividend payment of \$3.5m
- FX effect of +\$1.7m

BALANCE SHEET

Strong capital management discipline maintained



- Strong balance sheet with cash of \$31.1m and no debt
- Trade receivables up by 5%: a strong source of future cashflow. High quality, low doubtful debt risk
- Net assets reflect an improvement in trade receivables
- NTA (net tangible assets) is 51.8 cents per share

Period Ended (as at)	Dec 24	Jun 24	YoY
	A\$M	A\$M	
Cash and cash equivalents	31.1	31.9	(3%)
Trade and other receivables	77.4	73.5	5%
Right-of-use assets	1.9	2.5	(26%)
All other assets	7.8	6.2	25%
Total assets	118.2	114.2	3%
Trade and other liabilities	6.4	6.1	5%
Provisions	2.7	3.9	(29%)
Tax liabilities	0.4	0.3	39%
Deferred revenue	14.7	13.9	5%
Lease and other liabilities	2.2	1.7	28%
Total liabilities*	26.4	25.8	2%
Net assets	91.8	88.4	4%



Priorities

Strategy Reset



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Disclaimer

SUMMARY INFORMATION

This document and the associated transcript (together “the presentation”) has been prepared by Integrated Research Limited (ABN 76 003 588 449) (IRI). The presentation provides general background information about IRI’s activities current at the date of preparation. IRI is not responsible for updating, and does not undertake to update, the presentation. It contains information in a summary form and does not purport to be complete. It should be read in conjunction with IRI’s other announcements released to ASX (available at www.asx.com.au).

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FINANCIAL INFORMATION

All dollar values are in Australian Dollars (A\$) unless stated otherwise. All financial information is presented in respect of the year ended 30 June 2022 unless stated otherwise. The presentation contains certain non-IFRS financial measures that IRI believes is relevant and appropriate to understanding its business. The presentation uses pro forma subscription revenue, which is used consistently without bias year on year for comparability and to present a clear view of underlying results. The basis of preparation and a reconciliation to statutory results is provided in the appendix to this presentation. A number of figures, amounts and percentages in the presentation are subject to the effect of rounding.

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The presentation contains certain “forward-looking statements”. The words “anticipate”, “believe”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “should”, “could”, “may”, “target”, “plan” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. While due care and attention has been used in the preparation of forward-looking statements, they are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other factors, some of which are beyond the control of IRI, that may cause actual results, conduct, performance or achievements to differ materially from those expressed or implied in such statements. There can be no assurance that the actual outcomes will not differ materially from these statements. You are cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19. Neither IRI nor any other person gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in the presentation will actually occur. All forward looking statements in the presentation reflect views only as at the date of this presentation. Except as required by applicable law or the ASX Listing Rules, IRI disclaims any obligation or undertaking to publicly update any forward-looking statements, whether as a result of new information or future events or otherwise.

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GENERAL

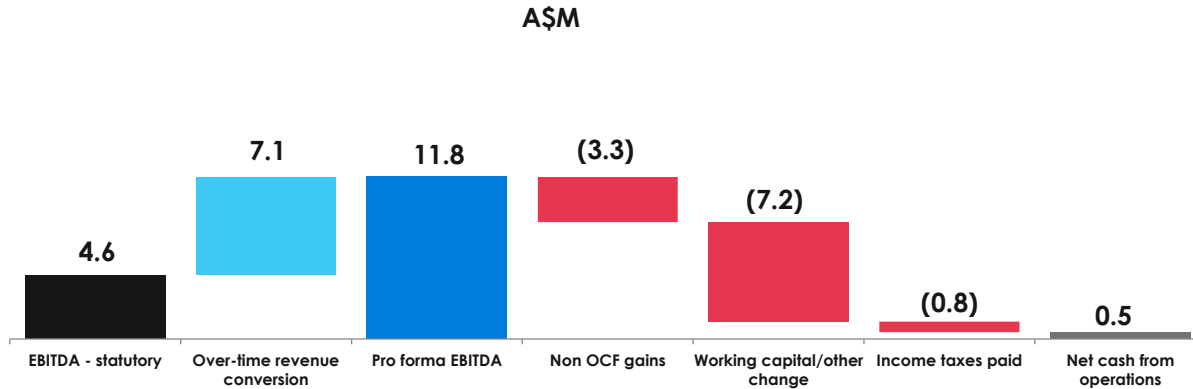
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Appendix

EBITDA CASH FLOW BRIDGE

Timing differences increased receivables and reduced operating cash flow

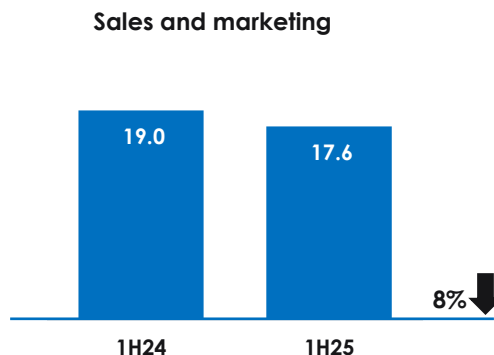
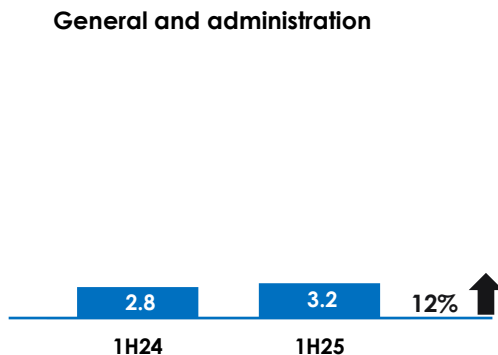
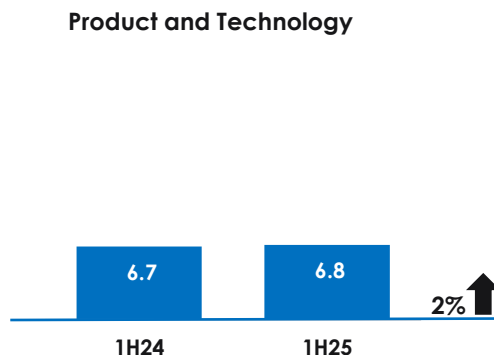
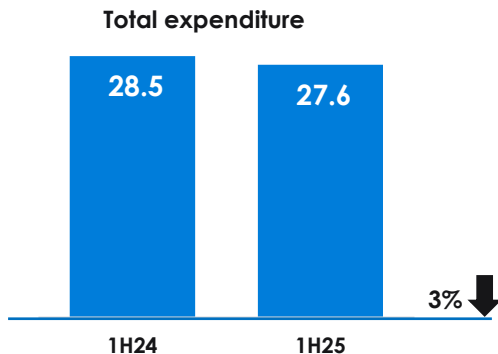


- 1H25 Pro forma EBITDA exceeded EBITDA by \$7.1m, reflecting Pro forma revenue differential, with minor cost adjustments
- Cash flow from Operations reduced by an increase in net working capital
- Receivables increased due to timing differences, where a very high proportion of invoicing occurred late in the half, and the proportion of upfront cash for multi-year deals, declined
- Provisions also declined, as cash was used for employee entitlement reductions and other activities
- Non-operating cash gains relate to currency exchange and testing solutions business

* Over-time revenue conversion deducts "upfront" licence fees and adds back the ("over-time") amortised licence component that relates to the reporting period. Commission costs associated with this timing difference are also adjusted to ensure revenues and expenses are matched to the correct reporting period.

Operating Costs – A\$M

Disciplined cost management continues - total costs down 3%



- Product and Technology reflects a balanced and disciplined approach to innovation investments aligned to value drivers, including 'IR Labs'

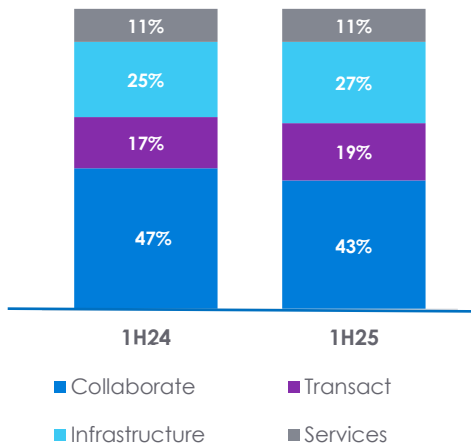
No capitalisation during period

- Sales & marketing spend reflect lower headcount and variable cost tied to TCV, versus prior period
- General and administration costs includes restructure costs
- Depreciation & amortisation is included in operating costs

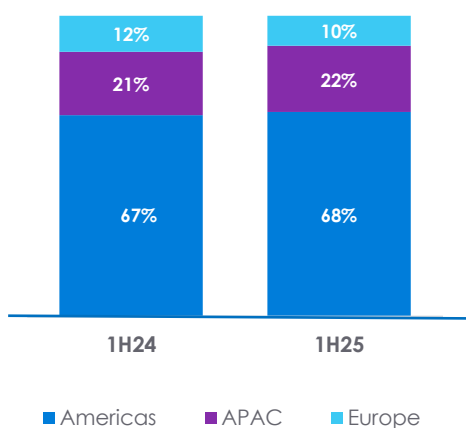
Pro forma Summary Breakdown



By Product



By Geography



- Pro forma revenue steady
- Transact and Infrastructure product lines are growing mainly from upselling to existing clients and new business in Transact
- Collaborate continues to decline over time
- Americas has stabilised and experienced growth half on half

1H25 pro forma recurring revenue

Reconciliation of statutory to pro forma revenue



Interim revenue	1H22	1H23	1H24	1H25	1H22	1H23	1H24	1H25
	A\$M	A\$M	A\$M	A\$M				
Infrastructure	9.1	9.4	9.3	9.9	(7%)	4%	0%	6%
Transact	5.3	5.5	6.2	6.8	7%	3%	12%	10%
Collaborate	20.1	19.2	17.3	15.7	(9%)	(4%)	(10%)	(10%)
Pro forma term based revenue	34.4	34.1	32.9	32.4	(6%)	(1%)	(4%)	(1%)
Perpetual sales	0.5	0.3	0.2	0.3	(25%)	(46%)	(31%)	33%
Testing Services	2.2	1.9	1.8	1.9	(6%)	(17%)	(5%)	6%
Professional Services	3.7	1.9	2.5	2.0	(12%)	(49%)	30%	(18%)
Pro forma revenue	40.9	38.1	37.3	36.6	(7%)	(7%)	(2%)	(2%)
Statutory revenue	32.3	38.4	40.8	28.8	(5%)	19%	6%	(29%)
Reconciliation to Statutory Accounts:								
Pro forma revenue	40.9	38.1	37.3	36.6				
Deduct Amortised licence fees	(26.1)	(25.8)	(24.7)	(25.0)				
Add license fees recognised upfront *	17.5	26.1	28.2	17.2				
Statutory revenue	32.3	38.4	40.8	28.8				

* Excludes perpetual sales

Annual Recurring Revenue - Analysis



All Products	APAC AUD	Americas USD	Europe GBP	Consolidated AUD	Growth
Opening ARR	14.3	29.5	4.1	66.6	
FX gain/(loss)				1.1	1.6%
New logos	0.7	0.3	0.0	1.2	1.7%
Upsell	0.4	0.4	0.2	1.4	2.1%
Downsell/Churn	(1.7)	(1.1)	(0.9)	(5.1)	-7.6%
Closing ARR	13.7	29.1	3.5	65.2	-2.2%

Collaborate	APAC AUD	Americas USD	Europe GBP	Consolidated AUD	Growth
Opening ARR	6.0	15.4	2.1	33.1	
FX gain/(loss)				0.6	1.8%
New logos	0.7	0.2	0.0	0.9	2.7%
Upsell	0.0	0.2	0.0	0.4	1.2%
Downsell/Churn	(1.4)	(0.7)	(0.8)	(4.0)	-12.2%
Closing ARR	5.3	15.1	1.3	31.0	-6.5%

T&I	APAC AUD	Americas USD	Europe GBP	Consolidated AUD	Growth
Opening ARR	8.4	14.1	2.0	33.5	
FX				0.5	1.6%
New logos	0.0	0.2	0.0	0.3	0.8%
Upsell	0.3	0.2	0.2	1.0	3.0%
Downsell/Churn	(0.3)	(0.5)	(0.0)	(1.1)	-3.2%
Closing ARR	8.4	14.0	2.2	34.2	2.2%

- Collaborate showed improvement in new logos, however headwinds persisted with losses exceeding wins
- T&I growth driven by new customers and upselling to existing customers

Reconciliation of Revenue and Pro forma Revenue, and Net Profit After Tax (NPAT) to EBITDA and Pro forma EBITDA



In thousands of AUD	1H25	1H24
Revenue	28,839	40,844
Term license fees recognised upfront	-17,239	-28,246
Amortised license fees	24,960	24,716
Pro forma Revenue ⁽¹⁾	36,560	37,314
Net Profit after Tax (NPAT)	4,572	11,181
Income tax expense	1,403	805
Finance Income	-1,440	-1,078
Depreciation and Amortisation	108	49
EBITDA ⁽²⁾	4,643	10,957
Cost deferral related to over time revenue	-606	277
One-time revenue converison	7,720	-3,530
Pro forma EBITDA ⁽³⁾	11,757	7,704

¹ Pro forma revenue provides a non-statutory alternate view of underlying performance by restating term licence fee revenue to be on a recurring subscription basis (i.e., over time), rather than upfront at the commencement of a contract, per the statutory view. Other recurring revenues such as maintenance fees and cloud services, as well as other non-recurring revenue streams such as perpetual licence fees, professional services and one-time testing services are consistently treated, as part of pro forma and statutory revenue views.

² EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) is a non-IFRS measure used to evaluate the Company's operating performance by focusing on profit from core operations and excluding the effects of capital structure, tax rates, and non-cash accounting items like depreciation and amortisation.

³ Pro forma EBITDA provides a non-statutory alternate view of the underlying operating performance of the Company by using pro forma revenue instead of statutory revenue and then deducting operating expenses after adjusting commission costs for timing differences, to ensure revenues and expenses are matched to the correct periods.

* Excludes perpetual sales

Glossary



Annual Recurring Revenue (ARR)	equals to the monthly recurring revenue at the end of the period multiplied by 12																												
Cash conversion rate	equals cash receipts divided by pro forma revenue																												
EBITDA	EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) is a non-IFRS measure used to evaluate the Company's operating performance by focusing on profit from core operations and excluding the effects of capital structure, tax rates, and non-cash accounting items like depreciation and amortisation																												
Pro forma revenue	provides a non-statutory alternate view of underlying performance by restating term licence fee revenue to be on a recurring subscription basis (i.e., over time), rather than upfront at the commencement of a contract, per the statutory view. Other recurring revenues such as maintenance fees and cloud services, as well as other non-recurring revenue streams such as perpetual licence fees, professional services and one-time testing services are consistently treated, as part of pro forma and statutory revenue views Proforma Revenue illustrative example <table><tr><td>Licence Contract Value</td><td>500</td><td colspan="5">Contract Term = 5 Years</td></tr><tr><td>Revenue Recognition</td><td>Year 1</td><td>Year 2</td><td>Year 3</td><td>Year 4</td><td>Year 5</td><td>Total</td></tr><tr><td>Statutory revenue</td><td>500</td><td>-</td><td>-</td><td>-</td><td>-</td><td>500</td></tr><tr><td>Proforma revenue</td><td>100</td><td>100</td><td>100</td><td>100</td><td>100</td><td>500</td></tr></table>	Licence Contract Value	500	Contract Term = 5 Years					Revenue Recognition	Year 1	Year 2	Year 3	Year 4	Year 5	Total	Statutory revenue	500	-	-	-	-	500	Proforma revenue	100	100	100	100	100	500
Licence Contract Value	500	Contract Term = 5 Years																											
Revenue Recognition	Year 1	Year 2	Year 3	Year 4	Year 5	Total																							
Statutory revenue	500	-	-	-	-	500																							
Proforma revenue	100	100	100	100	100	500																							
Pro forma EBITDA	provides a non-statutory alternate view of the underlying operating performance of the Company by using pro forma revenue instead of statutory revenue and then deducting operating expenses after adjusting commission costs for timing differences, to ensure revenues and expenses are matched to the correct periods																												
Net Revenue Retention (NRR)	equals recurring revenue generated from existing customers over a set period																												
Total Contract Value (TCV)	means the total value of a revenue generating contract written in the period of performance less any residual value from a previous related contract. The value includes software licence and related maintenance, cloud, testing and consulting services bookings																												
Capacity sell or Upsell	existing products sold to existing customers due to increase in usage																												