



MARKET RELEASE

Integrated Research Limited 2023 Financial Year Results

Sydney, Australia, 25 August 2023 – Integrated Research (ASX:IRI) a leading global performance management and analytics provider for unified communication and collaboration, IT infrastructure, and payment ecosystems, today released its results for the financial year ended 30 June 2023.

Key points:

- The Total Contract Value (TCV) of contracts signed during the period was up 21% compared to the previous corresponding period (pcp)
- All products and geographies reported improved TCV
- Cash at bank increased by 51% to \$18.6 million as of 30 June 2023 on pcp
- Stronger expected renewals book in FY24, skewed to second half and Collaborate customers, with challenging market dynamics to persist
- Impairment charge of \$31.8 million on goodwill, intangible and other assets

Total Contract Value for the 12 months to 30 June 2023 was \$68.5 million, a 21% increase over pcp. This was within the guidance range provided by the company on 12 July 2023, and represented a second half growth rate of 19% over pcp.

Statutory revenue for the period was \$69.8 million, up 11% on pcp, assisted by the TCV growth, but offset by lower services revenue. Statutory EBITDA was up 42% to \$12.1 million. The Company reported Net Profit After Tax and before non-cash impairment (NPAT) of \$2.6 million, a 65% increase in comparison to the pcp. An impairment charge of \$31.8 million was recorded against goodwill and intangible assets.

Proforma revenue decreased by 5% and proforma subscription revenue was flat, relative to pcp. Proforma EBITDA was down 28% to \$17.6 million.

Commenting on the results, John Ruthven, Chief Executive Officer said, "It was pleasing to report an improvement in TCV, statutory revenue and normalised profit, resulting from sales growth across all products and geographies during the year. This was primarily achieved on the back of a strong renewals book, which was 61% up on the prior period and supported by a number of significant client wins across all products."

"Despite these positives, the market was not without its challenges, with elevated churn rates in the Collaborate portfolio. The market continues to evolve with customers re-assessing their infrastructure requirements and migrating from on-premises to hybrid and SaaS environments."

"For the year ahead, we remain cautiously optimistic, backed by another strong renewals book, which is skewed to the second half of the year. We are mindful of the dynamic market conditions that are influencing buyer behaviour."



Integrated Research Ltd > ABN 76 003 588 449

Level 9, 100 Pacific Highway, North Sydney NSW 2060 Australia

t: +61 (2) 9966 1066 e: investor@ir.com

For personal use only

Total Contract Value (TCV)

The key operating metric for the company's performance is TCV. On-premises licences (including attached maintenance), SaaS, testing, and services bookings contribute to TCV.

TCV for FY23 was \$68.5 million, up 21% on the prior year, with growth reported across all products. A strong renewals period, resulted in Collaborate renewals growing by 80%, Transact by 104%, and Infrastructure by 20%.

All geographies recorded year-on-year growth in TCV, with Asia Pacific growing by 36%, Europe by 18%, and Americas by 5%.

The average contract length from sales increased from 2.6 years to 3.0 years over the period.

Proforma Results

Due to the nature of the proforma reporting, proforma subscription revenue was flat on pcp at \$68.3 million. Growth in Transact and Infrastructure subscription revenue was offset by a decline in Collaborate.

A stronger renewals period offset by slower new business resulted in lower Services contributions and proforma revenue being down 5% on pcp to \$75.6 million. During the period, 90% (FY22: 86%) of proforma revenue was of a recurring nature, representing non-cancellable licences and related maintenance contracts.

Annual Recurring Revenue (ARR) was \$67.5 million at 30 June 2023, down 1% on the prior year primarily due to substantial churn in our Collaborate business. Forex translation gains contributed a 6% benefit to ARR.

Rigorous cost management and a re-alignment of the business to the current trading conditions resulted in total expenses increasing just 2% over the year.

The company remains focused on cost discipline and has implemented a reduction in force to better align with the priorities going forward.

Impairment of Assets

A \$31.8 million impairment of goodwill, intangible and other assets was recorded as the company performed its Cash Generating Unit valuation with updated forecasts reflecting historical trends for new business, renewals and expense growth.

Cash

The cash balance benefitted from an active cash collections program focusing on overdue receivables and a reduction in Days Sales Outstanding. The Company was debt free at year end.

The Company's net cash position as of 30 June 2023 was \$18.6 million compared to \$12.3 million in the prior year.

Dividends

The Board has not declared a dividend to preserve cash and maintain capital for growth.



Priorities for FY24

Our key priorities for FY24 remain largely unchanged from those outlined in the previous year. These include:

- **Markets** – continue growth momentum in the Americas and Europe
- **New customers** – win more new business and grow our product footprint
- **Existing customers** – improve customer retention and renewal yield
- **Product innovation** – collaborate with customers to reduce development cycles and validate use cases
- **Financial** – increase profitability and retain a strong balance sheet

FY24

Having commenced FY24, Integrated Research makes the following observations regarding the current trading year:

- Customer sentiment appears to have normalised to pre-COVID levels. Customer budgets not presently impacted by current economic conditions, reinforcing the cautious optimism around business growth.
- Renewals book to exceed the prior year and to be weighted towards H2 FY24. Renewals skewed towards Collaborate clients.
- Collaborate churn expected to persist as clients migrate to SaaS environments.
- Current new business & upsell pipeline flat on pcp, weighted to Collaborate. Focus on targeting larger enterprise customers across all products and geographies.
- TCV growth expected in all geographic regions, with stronger growth in the Americas and Europe. Asia Pacific growth to moderate.
- Year-end cash balance expected to be higher, assisted by increased sales, reset cost base, and focused receivables collections program.

-ends-

About Integrated Research (IR)

IR is a leading global performance management and analytics provider for unified communication and collaboration, IT infrastructure and payment ecosystems. With a global enterprise customer base in over 60 countries who rely on IR solutions to connect people, global economies or the world. IR simplifies complex data streams, provides actionable insights and ensures business continuity of critical systems. To learn more about the organization, please visit ir.com

