

# 2024

## Half year profit announcement

Incorporating Appendix 4D

For the six months ended 30 June 2024

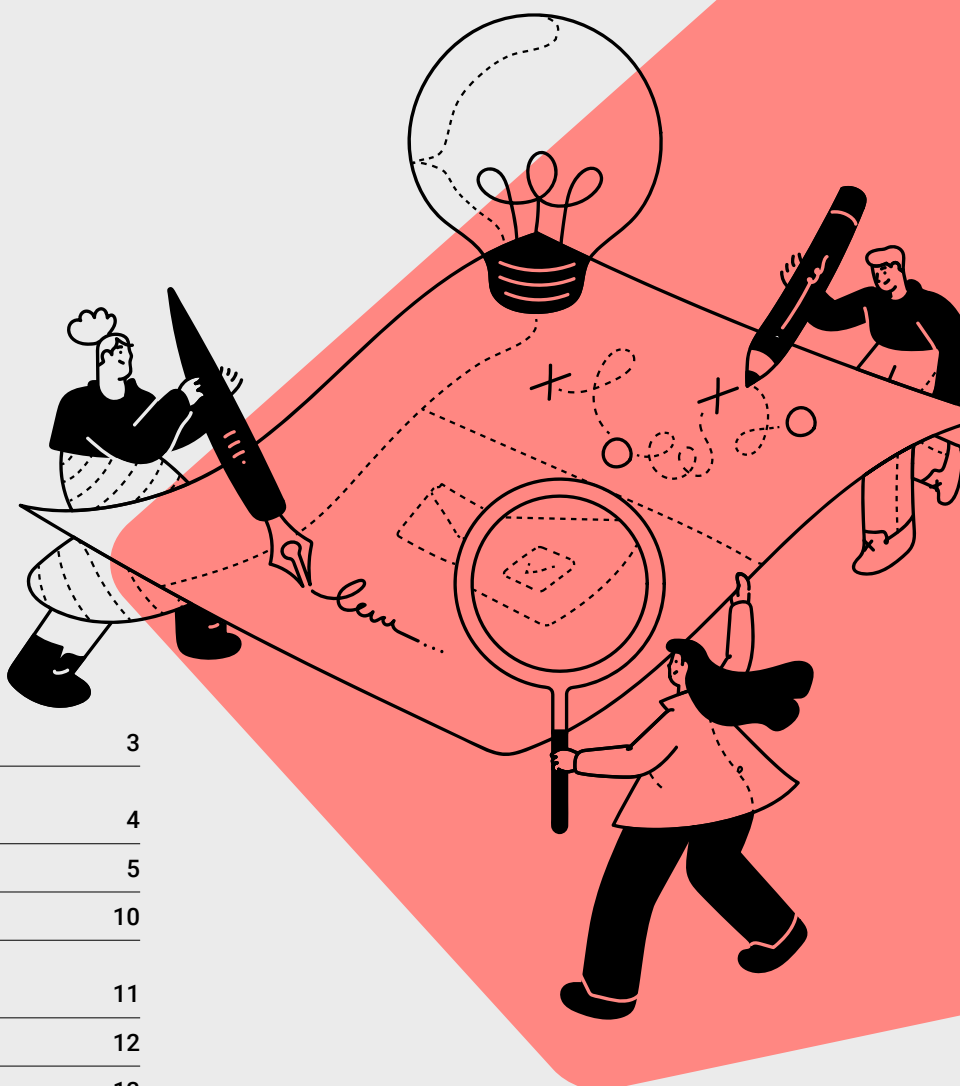
For personal use only



For personal use only

## Contents

<b>Group Highlights</b>	<b>3</b>
<b>ASX Appendix 4D – Half year results announcement to the market</b>	<b>4</b>
<b>Directors' Report</b>	<b>5</b>
<b>Auditor's Independence Declaration</b>	<b>10</b>
<b>Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>	<b>11</b>
<b>Consolidated Statement of Financial Position</b>	<b>12</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>13</b>
<b>Consolidated Statement of Cash Flows</b>	<b>14</b>
<b>Notes to the Consolidated Financial Statements</b>	<b>15</b>
1. Basis of preparation	15
2. Segment information	16
3. Profit/(loss) before income tax expense	18
4. Gains and losses on disposal of subsidiaries	19
5. Taxation	19
6. Assets held-for-sale	20
7. Intangible assets	21
8. Borrowings	24
9. Contingent assets and liabilities	24
10. 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>



# Group Highlights

Transformation delivering strong results

## Operating leverage driving significant margin expansion

Adjusted EBITDA Margin

↑ **760** bps  
on prior corresponding period

1H24: 21.7%  
1H23: 14.1%

## Balance Sheet de-leveraged

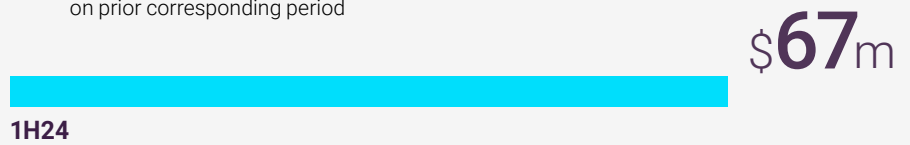
Leverage ratio

**1.2x**  
(post sale of UK Mortgages)

## Strong growth in earnings

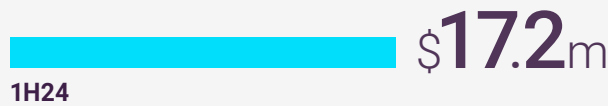
Adjusted EBITDA

↑ **52%**  
on prior corresponding period



NPATA

> **100%**  
on prior corresponding period



For personal use only

# 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 2024	30 June 2023

## 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	306,469	311,348	(1.6%)	(4,879)
Profit/(loss) before income tax expense	16,075	(143,469)	111.2%	159,544
Net profit/(loss) attributable to members of parent company	17,281	(139,794)	112.4%	157,075

## 3. Dividends

Dividend	Period	Payment date	Amount per security Cents	Franked amount per security Cents
Interim dividend	30 June 2024	-	-	-
Final dividend	31 December 2023	-	-	-
Interim dividend	30 June 2023	-	-	-

## 4. Net tangible assets

	30 June 2024 Cents	31 December 2023 Cents	30 June 2023 Cents
Net tangible assets per ordinary security	(87.38)	(149.20)	(170.32)

Net tangible assets per security is negative, reflecting the nature of Iress' assets as a software development business with significant intangible assets recognised and human capital, responsible for creating and maintaining Iress products, that has not been recognised in the financial statements. Net tangible assets for the Group include right-of-use assets and lease liabilities arising from property and other leases.

This information should be read in conjunction with the 2023 Annual Report of Iress Limited together with any public announcements made by Iress Limited and its controlled entities during the half year ended 30 June 2024. Please refer to the 2024 Half Year Financial Report and Investor Presentation for commentary and further information with respect to the financial results.

# Directors' Report

The Directors present their report together with the Consolidated Financial Statements of Iress Limited (the Company) and its consolidated subsidiaries (together referred to as Iress Group or the Group) for the half year ended 30 June 2024.

## Directors

The Directors of Iress Limited during the half year ended 30 June 2024 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	Managing Director and Chief Executive Officer since 3 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.

	Software	Clients
<b>Wealth (Financial advice)</b>	<b>Integrated financial advice software offering:</b> <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> </ul>	<ul style="list-style-type: none"> <li>institutional and independent advisory</li> </ul>
<b>Trading &amp; market data</b>	<b>Global market data &amp; trading software including:</b> <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> </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>	<b>Global investment management &amp; trading software including:</b> <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>	<b>Integrated software solution offering:</b> <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> <ul style="list-style-type: none"> <li>investment managers</li> <li>investment platforms</li> <li>private client advisers &amp; wealth managers</li> <li>custodians</li> <li>retail platforms</li> </ul>

# Directors' Report (continued)

Principal activities (continued)

	Software	Clients
<b>Superannuation</b>	<b>Superannuation administration software including:</b> <ul style="list-style-type: none"> <li>fund registry</li> <li>digital member portal</li> </ul>	<ul style="list-style-type: none"> <li>superannuation funds</li> </ul>
<b>Mortgages</b>	<b>Multi-channel mortgage sales &amp; origination software including<sup>(1)</sup>:</b> <ul style="list-style-type: none"> <li>automated workflow</li> <li>application processing</li> <li>connectivity</li> </ul>	<b>Mortgage intermediary software, including:</b> <ul style="list-style-type: none"> <li>digital advice solutions</li> <li>fund administration services</li> <li>mortgage lenders</li> <li>mortgage intermediaries</li> </ul>
<b>Life &amp; pensions</b>	<b>Insurance &amp; pension sourcing software including:</b> <ul style="list-style-type: none"> <li>quoting</li> <li>comparison</li> <li>application processing</li> </ul>	<ul style="list-style-type: none"> <li>mortgage comparison</li> <li>mortgage advice</li> <li>lender connectivity</li> <li>institutional advisory</li> <li>independent advisory</li> <li>mortgage intermediaries</li> </ul>

(1) The Mortgages (sales and origination software) business was sold by Iress on 1 August 2024.

## Review of operations

### Key risks

The material business risks that have the potential to impact Iress' financial prospects and future performance are as outlined in the 2023 Annual Report. These risks remain relevant at the interim reporting date.

During the period, the Group has reviewed and further strengthened its risk frameworks and controls for technology and information security risks.

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/>.

### Group performance

Iress Group's statutory Net Profit After Tax (NPAT) for the half year ended 30 June 2024 was \$17.3m (1H 2023: \$139.8m loss). The increase in NPAT was largely attributable to the significant non-operating expenses recognised in 1H 2023, which included the impairment of goodwill and other intangible assets of \$142.9m.

Adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA), the Group's preferred business performance measure, increased by 52% to \$67.0m (1H 2023: \$44.0m). This increase reflects stable revenue combined with substantial cost efficiencies as Iress continues to execute its transformation strategy, announced in April 2023, to reset the Group's cost and asset base, refocus on core businesses and manage non-strategic businesses for value.

	1H 2024 v 1H 2023			
	1H 2024 <sup>(1)</sup> \$m	1H 2023 \$m	\$m	%
Revenue and other income	309.0	311.6	(2.6)	(1%)
Operating expenses	(242.0)	(267.6)	25.6	10%
Adjusted EBITDA	67.0	44.0	23.0	52%
Net Profit After Tax	17.3	(139.8)	157.1	112%

(1) Iress results above are shown using foreign exchange rates applicable through the year in accordance with IFRS. On a constant currency basis and applying the 1H 2023 foreign exchange rate to comparable 1H 2024 results would result in a \$1.2m decrease to 1H 2024 Adjusted EBITDA.

# Directors' Report (continued)

Review of operations (continued)

## Revenue and other income

Revenue and other income for 1H24 was \$309.0m, a decline of 1% from \$311.6m in 1H23, impacted by divestments made over the last 12 months. Excluding divested businesses, revenue was 4% higher versus 1H23. Revenue growth was seen in the APAC Wealth, Trading & Global Market Data, UK, Canadian and South African businesses while there was a decline in revenue in Superannuation.

## Operating expenses

Operating expenses declined \$25.6m (10%) to \$242.0m in 1H24 (1H23: \$267.6m) which reflects the ongoing delivery of Iress' strategy to reset the Group's cost base and improve operating leverage. Since 1H23, key initiatives to increase efficiency, improve operating structure and simplify processes have resulted in a 19% reduction in FTEs, in addition to substantial reductions across a range of other operating costs including hosting, communications, occupancy, travel and software.

## Adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA)

Iress amended its headline performance measure from Underlying EBITDA to Adjusted EBITDA from 2024. Adjusted EBITDA is considered to better align with Iress' business unit accountability and improve transparency across Iress' operating segments.

Reconciliation of Adjusted EBITDA to statutory NPAT	1H 2024 v 1H 2023			
	1H 2024 \$m	1H 2023 \$m	\$m	%
<b>Adjusted EBITDA</b>	<b>67.0</b>	<b>44.0</b>	<b>23.0</b>	<b>52%</b>
Amortisation, depreciation, derecognition and impairment expense	(21.6)	(162.7)	141.1	87%
Gains on disposal of subsidiaries	1.3	–	1.3	–
Excluded items <sup>(1)</sup>	(20.2)	(14.5)	(5.7)	(39%)
<b>Profit before interest and income tax expense</b>	<b>26.5</b>	<b>(133.2)</b>	<b>159.7</b>	<b>120%</b>
Net interest and financing costs	(10.4)	(10.3)	(0.1)	(1%)
Income tax benefits	1.2	3.7	(2.5)	(68%)
<b>Net profit after income tax expense</b>	<b>17.3</b>	<b>(139.8)</b>	<b>157.1</b>	<b>112%</b>

(1) Excluded items relate to mergers and acquisitions (M&A) activity and transformation related expenses.

The non-cash amortisation, depreciation, de-recognition and impairment expenses decreased to \$21.6m in HY24 from \$162.7m in 1H23, with the prior period impacted by the impairment of the carrying value of goodwill of the UK business by \$130.4m and derecognition of a number of capitalised software intangible assets totalling \$12.5m.

There was a minor net gain on sale in 1H24 of \$1.3m (1H23: nil) following the sales of the Platform and Pulse businesses. Excluded items from the Group's EBITDA increased in 1H24 to \$20.2m (1H23: \$14.5m), as Iress continued to execute its strategic transformation program and increased its M&A activity during the half-year.

## Business unit performance

	Revenue and other income <sup>(1)</sup>			Adjusted EBITDA <sup>(2)(3)</sup>		
	1H 2024 \$m	1H 2023 \$m	1H 2024 v 1H 2023 %	1H 2024 \$m	1H 2023 \$m	1H 2024 v 1H 2023 %
Trading & Global Market Data	101.5	100.9	1%	22.2	14.2	56%
APAC Wealth Management	66.6	64.9	3%	25.2	18.5	36%
Superannuation	26.5	28.4	(7%)	(3.6)	0.4	n/m
Managed Portfolio – UK	73.7	68.2	8%	14.9	10.0	49%
Managed Portfolio – Other	40.7	49.2	(17%)	8.3	0.9	n/m
<b>Total Group</b>	<b>309.0</b>	<b>311.6</b>	<b>(1%)</b>	<b>67.0</b>	<b>44.0</b>	<b>52%</b>

(1) Revenue for each segment captures revenue generation directly attributable to that segment.

(2) Adjusted EBITDA for each segment represents segment operating revenue less direct expenses associated with operating the segment and indirect expenses from corporate functions providing scale benefits across the Group which have been allocated to segments using financial metric drivers.

(3) New segments commenced effective 1 July 2023 with historic information for 1H23 restated to pro-forma when operating under prior segments.

# Directors' Report (continued)

Review of operations (continued)

## Trading & Global Market Data

Revenue for Trading & Global Market Data of \$101.5m increased 1% from 1H23 despite an ongoing challenging trading environment which saw flat volumes, IPO's and notable industry consolidation in APAC. Recent investment in core product and international connectivity has improved user experience and customer sentiment, however many clients remained cautious in the current inflationary operating environment resulting in subdued recent new business wins. Work has commenced to upgrade products in preparation for the ASX's move to Single Open in 2025. Adjusted EBITDA improved 56% in 1H24 which reflects the execution of a targeted program of cost reduction over the last 12 months that has substantially reduced FTE and hosting costs.

## APAC Wealth Management

Revenue for APAC Wealth Management increased 3% in 1H24 to \$66.6m (1H23:\$64.9m). This was achieved via pricing initiatives to mitigate increasing costs of doing business in a higher inflationary environment, and an increase in project related activity focused on enhancing digital advice services for Superannuation clients. Adjusted EBITDA improved 36% in 1H24 which was delivered with a lower cost base and modest revenue growth.

## Superannuation

Superannuation revenue declined 7% which reflects the exit of a number of clients in 2023. This decline was partially offset by an increase in consulting based fee revenue which grew 81% in 1H24 reflecting strong ongoing demand from new and existing clients.

## Managed Portfolio – UK

Managed Portfolio – UK revenue grew 8% in AUD in 1H24, buoyed by favourable currency exchange movements. In local currency, revenue increased 2%, which reflects growth across all three UK business lines: Wealth (+1%), Sourcing (+2%) and Mortgages (+4%). Revenue growth in Wealth and Sourcing reflects pricing initiatives and new client projects, while Mortgages growth reflected two new clients going live in the second half of 2023. During 1H24, the sale of portfolio management software business Pulse was completed.

In local currency, Adjusted EBITDA increased 41% (49% in AUD) reflecting revenue growth and the execution of a targeted program of cost reduction that largely offset the impact of pay increases and costs (largely employee) associated with implementation projects for existing clients.

## Managed Portfolio – Other

Revenue and other income decreased 17% primarily due to the sale of the MFA and Platform businesses in October 2023 and April 2024 respectively. In 1H24, both the South African and Canadian businesses saw revenue growth of 5% respectively which reflects pricing discipline and some client licence wins.

Adjusted EBITDA increased to \$8.3m in 1H24 (1H23: \$0.9m) substantially driven by a lower cost base in South Africa and the sale of non-core assets in MFA and Platforms.

## Financial Position

Summarised statement of financial position	30 June 2024 \$m	31 December 2023 \$m	Movement	
			\$m	%
Cash and cash equivalents	41.9	43.9	(2.0)	(5%)
Intangible assets	460.4	550.7	(90.3)	(16%)
Other current and non-current assets	286.2	197.6	88.6	45%
Borrowings	(333.3)	(363.6)	30.3	8%
Other current and non-current liabilities	(158.0)	(156.6)	(1.4)	(1%)
<b>Net assets</b>	<b>297.2</b>	<b>272.0</b>	<b>25.2</b>	<b>9%</b>

Iress progressed its transformation program and capital management plan during the half year, improving the Group's net asset position by 9% to \$297.2m (31 December 2023: \$272.0m).

Net debt, as measured by gross borrowings less cash and cash equivalents, declined \$28.6m since 31 December 2023 to \$291.7m at 30 June 2024, achieved through positive cash flows from operations and contributions from the sale of the Platforms and Pulse businesses.

The Group is positioned to reduce its leverage further through the sale of the Mortgages business and the retention of free cash flow.

Proceeds received from the sale of Mortgages in August 2024 have been applied to further retire debt, after which Iress achieved its target leverage range of 1.0x to 1.5x EBITDA.

For personal use only

# Directors' Report (continued)

Review of operations (continued)

A stronger balance sheet creates capacity for Iress to reinvest back into the business and reward shareholders over time via maintainable dividends. Achievement of the target leverage range will allow consideration for the recommencement of dividends to shareholders.

## Events subsequent to the Statement of Financial Position date

On 15 March 2024, Iress announced that it had entered into a binding agreement to divest its UK Mortgage Sales & Originations (Mortgages) business for a total cash consideration of £85 million (\$167 million) before costs and working capital adjustments. The sale was completed on 1 August 2024 with proceeds received used to retire debt. The financial effects of completion of the transaction were not recognised as at 30 June 2024. An estimated gain on disposal of the subsidiary of approximately \$64 million is expected to be recognised in Iress' Consolidated Statement of Profit or Loss for the year ending 31 December 2024.

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 10.

## 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.

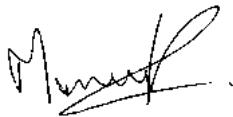
Signed in accordance with a resolution of the Directors made pursuant to section 306(3) of the *Corporations Act 2001* (Cth).

On behalf of the Directors.



**Roger Sharp**  
Chair

Melbourne 19 August 2024



**Marcus Price**  
Managing Director & Chief Executive Officer

For personal use only

# 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 2024, 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  
19 August 2024

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 30 June 2024

	Notes	Half year ended 30 June	
		2024 \$'000	2023 \$'000 <sup>(1)</sup>
Revenue from contracts with customers		306,469	311,348
Other income	3	2,531	268
<b>Total revenue and other income</b>		<b>309,000</b>	<b>311,616</b>
Employee benefit expenses		(160,855)	(183,654)
Customer data fees and other direct expenses		(25,853)	(29,655)
Communication expenses		(27,233)	(25,579)
Professional fees	3	(25,401)	(11,425)
Business development and marketing		(1,722)	(2,546)
Technology expenses		(14,307)	(17,234)
General office and administration		(6,901)	(12,011)
Amortisation, depreciation, derecognition and impairment expense	3	(21,593)	(162,682)
Gains on disposal of subsidiaries	4	1,320	–
<b>Profit/(loss) before interest and income tax expense</b>		<b>26,455</b>	<b>(133,170)</b>
Finance income		951	875
Finance costs		(11,331)	(11,174)
Net finance income and costs		(10,380)	(10,299)
<b>Profit/(loss) before income tax expense</b>		<b>16,075</b>	<b>(143,469)</b>
Income tax benefit	5	1,206	3,675
<b>Profit/(loss) after income tax expense</b>		<b>17,281</b>	<b>(139,794)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		1,958	12,827
<b>Total comprehensive income/(loss) for the period</b>		<b>19,239</b>	<b>(126,967)</b>
		<b>Cents per share</b>	<b>Cents per share</b>
<b>Earnings per share</b>			
Basic earnings/(losses) per share		9.5	(76.5)
Diluted earnings/(losses) per share		9.2	(76.5)

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

(1) Expenses within the comparative information for the year ended 30 June 2023 have been reclassified to present certain items in more detail.

For personal use only

# Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	30 June 2024 \$'000	31 December 2023 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		41,888	43,881
Receivables and other assets		93,845	82,997
Assets held-for-sale	6	90,419	11,584
Current taxation receivables		8,213	2,732
<b>Total current assets</b>		<b>234,365</b>	<b>141,194</b>
<b>Non-current assets</b>			
Intangible assets	7	460,427	550,706
Plant and equipment		21,053	23,864
Right-of-use assets		42,938	50,281
Deferred tax assets		29,715	26,172
<b>Total non-current assets</b>		<b>554,133</b>	<b>651,023</b>
<b>Total assets</b>		<b>788,498</b>	<b>792,217</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables and other liabilities		62,956	74,466
Lease liabilities		14,060	14,141
Provisions		26,533	17,295
Liabilities held-for-sale	6	14,782	3,650
Current taxation payables		290	540
<b>Total current liabilities</b>		<b>118,621</b>	<b>110,092</b>
<b>Non-current liabilities</b>			
Lease liabilities		37,918	45,254
Provisions		1,470	1,299
Borrowings	8	333,277	363,563
<b>Total non-current liabilities</b>		<b>372,665</b>	<b>410,116</b>
<b>Total liabilities</b>		<b>491,286</b>	<b>520,208</b>
<b>Net assets</b>		<b>297,212</b>	<b>272,009</b>
<b>EQUITY</b>			
Issued capital		419,343	419,343
Share-based payments reserve		15,264	25,366
Foreign currency translation reserve		7,360	5,402
Accumulated losses		(144,755)	(178,102)
<b>Total equity</b>		<b>297,212</b>	<b>272,009</b>

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

For personal use only

# Consolidated Statement of Changes in Equity

For the half year ended 30 June 2024

	Issued capital \$'000	Share-based payments reserve \$'000	Cash flow hedge reserve \$'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>-</b>	<b>-</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	-	(645)	-	-	-	(645)
Transfer of share-based payments reserve	-	(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>

	Issued capital \$'000	Share-based payments reserve \$'000	Cash flow hedge reserve \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Balance at 1 January 2024</b>	<b>419,343</b>	<b>25,366</b>	<b>-</b>	<b>5,402</b>	<b>(178,102)</b>	<b>272,009</b>
Profit for the period	-	-	-	-	17,281	17,281
Other comprehensive income	-	-	-	1,958	-	1,958
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,958</b>	<b>17,281</b>	<b>19,239</b>
<i>Transactions with owners in their capacity as owners:</i>						
Share-based payment expense	-	5,964	-	-	-	5,964
Transfer of share-based payments reserve	-	(16,066)	-	-	16,066	-
	-	<b>(10,102)</b>	-	-	<b>16,066</b>	<b>5,964</b>
<b>Balance at 30 June 2024</b>	<b>419,343</b>	<b>15,264</b>	<b>-</b>	<b>7,360</b>	<b>(144,755)</b>	<b>297,212</b>

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

For personal use only

# Consolidated Statement of Cash Flows

For the half year ended 30 June 2024

	Half year ended 30 June	
	2024 \$'000	2023 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	342,314	335,467
Payments to suppliers	(136,012)	(124,949)
Payments to employees	(146,950)	(152,735)
Interest received	949	860
Interest and borrowing costs paid	(10,801)	(9,185)
Interest on lease liabilities	(879)	(997)
Income tax paid	(8,330)	(8,266)
<b>Net cash inflow generated from operating activities</b>	<b>40,291</b>	<b>40,195</b>
<b>Cash flows from investing activities</b>		
Payment for development of intangible assets	(5,429)	(8,244)
Payments for purchase of plant and equipment	(2,045)	(3,239)
Proceeds from disposal of subsidiaries	3,058	-
<b>Net cash outflow utilised by investing activities</b>	<b>(4,416)</b>	<b>(11,483)</b>
<b>Cash flows from financing activities</b>		
Payment of lease liabilities	(7,066)	(7,981)
Dividends paid	(55)	(55,420)
Proceeds from borrowings	50,281	95,213
Repayment of borrowings	(82,281)	(65,213)
<b>Net cash outflow utilised by financing activities</b>	<b>(39,121)</b>	<b>(33,401)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,246)</b>	<b>(4,689)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>43,881</b>	<b>63,353</b>
Effects of exchange rate changes on cash and cash equivalents	1,253	(295)
<b>Cash and cash equivalents at end of the half year</b>	<b>41,888</b>	<b>58,369</b>

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

For personal use only

# Notes to the Consolidated Financial Statements

For the half year ended 30 June 2024

## 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 2024. 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 19 August 2024
- 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 2023 and any public announcements made by Iress during the half year ended 30 June 2024 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 2023 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 2024 including the following:

• AASB 2020-1 Amendments to Australian Accounting Standards	– <i>Classification of liabilities as current or non-current</i>
• AASB 2022-5 Amendments to Australian Accounting Standards	– <i>Lease Liability in a Sale and Leaseback</i>
• AASB 2022-6 Amendments to Australian Accounting Standards	– <i>Non-current Liabilities with Covenants</i>
• AASB 2023-1 Amendments to Australian Accounting Standards	– <i>Amendments to AASB 107 and AASB 7 – Disclosures of Supplier Finance Arrangements</i>
• AASB 2023-3 Amendments to Australian Accounting Standards	– <i>Disclosure of Non-current Liabilities with Covenants: Tier 2</i>
• AASB 2024-1 Amendments to Australian Accounting Standards	– <i>Disclosures of Supplier Finance Arrangements: Tier 2 Disclosures</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 2024 reporting periods and have not yet been applied by Iress within this financial report:

• AASB 18 <i>Presentation and Disclosure in Financial Statements (new)</i>	– <i>Replacement of AASB 101 Presentation of Financial Statements<sup>(2)</sup></i>
• AASB 2014-10 <i>Consolidated Financial Statements and AASB 128 Investments in Associates (amendments)</i>	– <i>Sale or contribution of assets between an investor and its associate or joint venture<sup>(1)</sup></i>
• AASB 2023-5 <i>Amendments to Australian Accounting Standards</i>	– <i>Lack of Exchangeability<sup>(1)</sup></i>

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

(2) Effective for annual periods beginning on or after 1 January 2027.

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

# Notes to the Consolidated Financial Statements

## (continued)

### 2. Segment information

Operating segments have been reported in a manner consistent with internal management reporting provided to the chief operating decision-maker ("CODM"). The CODM consists of the Managing Director and Chief Executive Officer.

#### (a) Operating segments

Iress' business revenues are predominantly derived from software development and distribution. During the 2023 year, Iress changed its organisation structure from being functionally-led to product-led. As a result of the organisational structure change, Iress' operating segments changed from those disclosed in prior periods to reflect the new product-led structure and internal reporting to the CODM. Segment information for the half year ended 30 June 2023 has been restated to reflect the new operating segments. Iress Group has determined the following distinct reportable business segments on which the Group reports its primary segment information:

##### APAC Wealth Management

- APAC Wealth Management provides financial advice software and related tools to the advice and superannuation industries.

##### Trading & Global Market Data

- Trading & Global Market Data provides comprehensive solutions to financial market participants, encompassing market data, trading, compliance, order management, portfolio, and related tools designed to enhance business efficiencies. Effective 1 January 2024, the UK Financial Markets business joined the Trading & Global Market Data segment (previously within the Managed Portfolio – UK segment). It provides information, trading, compliance, order management, portfolio systems, and related tools to cash equity participants.

##### Superannuation

- Superannuation provides fund administration software, services and related tools to the Australian superannuation industry.

##### Managed Portfolio – UK

Portfolio of ancillary businesses, comprising:

- UK Wealth Management provides financial advice software and related tools to wealth management professionals located in the United Kingdom
- Sourcing provides insurance and mortgage comparison tools for UK financial advisers
- Mortgages provides mortgage origination software and associated consulting services to banks in the UK. The Mortgages business was sold on 1 August 2024 and ceased to form part of Iress' Managed Portfolio – UK operating segment from the date of divestment.

##### Managed Portfolio – Other

Portfolio of ancillary businesses in South Africa, Canada and Australia comprising:

- Financial Markets businesses provide comprehensive solutions, encompassing information, trading, compliance, order management, portfolio systems and related tools to financial market participants in South Africa and Canada
- Wealth Management provides financial planning systems and related tools to wealth management professionals located in South Africa.
- Platform administration services provides technology and data services to the Australian wealth industry, bringing innovative solutions to support licensees, advisers and stockbrokers to deliver services to their clients. The Platforms business was sold during the half year ended 30 June 2024 and ceased to form part of Iress' Managed Portfolio – Other operating segment from the date of divestment.

The CODM assesses the performance of each operating segment based on adjusted earnings/(losses) before interest, tax, depreciation and amortisation ("Adjusted EBITDA"). This is a non-AASB measure that excludes items not considered relevant in evaluating segment performance. This includes the amortisation and impairment of intangible assets, transaction and integration costs together with investment gains and losses associated with mergers and acquisitions, and other significant non-operating items including interest income and expense, tax and non-recurring transformation expenses that are not considered part of the ongoing run-rate of the business.

# Notes to the Consolidated Financial Statements (continued)

## 2. Segment information (continued)

(b) The segment revenue, adjusted earnings/(losses) before interest, tax, depreciation and amortisation (EBITDA) and reconciliation to the Group results are outlined below:

For the period ended 30 June 2023 (restated)	Trading & Global Market Data \$'000	APAC Wealth Management \$'000	Super-annuation \$'000	Managed Portfolio – UK \$'000	Managed Portfolio – Other \$'000	Total \$'000
Revenue from contracts with customers	100,833	64,949	28,375	68,183	49,008	311,348
Other income	47	–	–	–	221	268
<b>Total revenue and other income</b>	<b>100,880</b>	<b>64,949</b>	<b>28,375</b>	<b>68,183</b>	<b>49,229</b>	<b>311,616</b>
Direct operating expenses	(70,775)	(32,411)	(24,222)	(45,155)	(41,947)	(214,510)
Other expenses	(15,923)	(14,075)	(3,717)	(12,996)	(6,388)	(53,099)
<b>Adjusted EBITDA</b>	<b>14,182</b>	<b>18,463</b>	<b>436</b>	<b>10,032</b>	<b>894</b>	<b>44,007</b>
Excluded items <sup>(1)</sup>						(14,495)
Amortisation, depreciation, derecognition and impairment expense						(162,682)
<b>Profit/(loss) before interest and income tax expense</b>						<b>(133,170)</b>
Net interest and financing expenses						(10,299)
<b>Loss before income tax expense</b>						<b>(143,469)</b>
Income tax benefit						3,675
<b>Loss after income tax expense</b>						<b>(139,794)</b>

For the period ended 30 June 2024	Trading & Global Market Data \$'000	APAC Wealth Management \$'000	Super-annuation \$'000	Managed Portfolio – UK \$'000	Managed Portfolio – Other \$'000	Total \$'000
Revenue from contracts with customers	101,533	66,550	26,510	73,717	38,159	306,469
Other income	–	–	–	18	2,513	2,531
<b>Total revenue and other income</b>	<b>101,533</b>	<b>66,550</b>	<b>26,510</b>	<b>73,735</b>	<b>40,672</b>	<b>309,000</b>
Direct operating expenses	(62,982)	(27,517)	(26,333)	(45,970)	(26,134)	(188,936)
Other expenses	(16,305)	(13,860)	(3,750)	(12,869)	(6,275)	(53,059)
<b>Adjusted EBITDA</b>	<b>22,246</b>	<b>25,173</b>	<b>(3,573)</b>	<b>14,896</b>	<b>8,263</b>	<b>67,005</b>
Excluded items <sup>(1)</sup>						(20,277)
Amortisation, depreciation, derecognition and impairment expense						(21,593)
Gains on disposal of subsidiaries						1,320
<b>Profit/(loss) before interest and income tax expense</b>						<b>26,455</b>
Net interest and financing expenses						(10,380)
<b>Profit before income tax expense</b>						<b>16,075</b>
Income tax benefit						1,206
<b>Profit after income tax expense</b>						<b>17,281</b>

(1) Excluded items relate to mergers and acquisitions (M&A) activity and transformation related expenses.

# Notes to the Consolidated Financial Statements

## (continued)

### 3. Profit/(loss) before income tax expense

Profit/(loss) before income tax includes the following:

	Half year ended 30 June	
	2024 \$'000	2023 \$'000
<b>Other income</b>		
Dividend income	–	85
Distributions and other income	2,350	66
Sub-leasing income	179	116
Other operating income	2	1
<b>Total other income</b>	<b>2,531</b>	<b>268</b>
<b>Professional fees</b>		
Fees to auditors	(867)	(1,169)
Consulting, advisory and legal fees		
Transformation and merger and acquisition activities	(15,309)	(6,897)
Ongoing business operations	(9,225)	(3,359)
<b>Total professional fees</b>	<b>(25,401)</b>	<b>(11,425)</b>
<b>Amortisation, depreciation, derecognition and impairment expense</b>		
Intangible assets		
Amortisation of intangible assets	(9,882)	(7,618)
Impairment of goodwill	–	(130,384)
Losses on the derecognition of intangible assets	–	(12,519)
Plant and equipment		
Depreciation of plant and equipment	(4,617)	(5,116)
Losses on the disposal of plant and equipment	(188)	(416)
Right-of-use assets		
Depreciation of right-of-use assets	(6,643)	(6,905)
Impairment of right-of-use-assets	(908)	–
Gains on the disposal of right-of-use assets	435	221
Gains on the fair value of lease right-of-use-asset and liabilities	161	–
Other financial assets		
Gains on the disposal of investment	49	55
<b>Total amortisation, depreciation, derecognition and impairment expense</b>	<b>(21,593)</b>	<b>(162,682)</b>

For personal use only

# Notes to the Consolidated Financial Statements

## (continued)

### 4. Gains and losses on disposal of subsidiaries

During the half year, Iress sold its OneVue Platform Administration ("Platform") business and its Pulse and Symphony software ("Pulse") business. The (losses)/gains on the disposal of subsidiaries include the following:

	2024 \$'000
Losses on the disposal of OneVue Platform Administration business	(215)
Gains on the disposal of Pulse and Symphony Software business	1,494
Gains on the disposal of Managed Funds Administration business	41
<b>Total of (losses)/gains on the disposal of subsidiaries</b>	<b>1,320</b>

Sale of the Platform business completed on 15 April 2024, at which time the carrying amount of Platform's total assets amounted to \$10.8 million and the total liabilities amounted to \$2.7 million. Consideration recognised for the sale of the Platform business includes the fair value at balance date of deferred consideration which is subject to financial milestones measured over an 18-month period after completion. The Platform business was previously included in Iress' Managed Portfolio – Other operating segment.

Sale of the Pulse business completed on 6 June 2024, at which time the carrying amount of Pulse's total assets amounted to \$4.3 million (£2.3 million) and the total liabilities amounted to \$3.8 million (£2.0 million). The Pulse business was previously included in Iress' Managed Portfolio – UK operating segment.

Gains on sale of the Managed Funds Administration business recognised in the half-year ended 30 June 2024 represent the final adjustments to the purchase price received for the disposal, which was completed on 1 October 2023.

### 5. Taxation

#### (a) Income tax expense for the year including current and deferred tax

	2024 \$'000	2023 \$'000
<b>Income tax expense recognised in Statement of Profit or Loss</b>		
<b>Current income tax</b>		
Current tax expense	10,980	4,496
Adjustments for current tax of prior periods	(8,643)	189
<b>Total current income tax expense</b>	<b>2,337</b>	<b>4,685</b>
<b>Deferred income tax</b>		
Reversal of temporary differences	(3,616)	(7,629)
Adjustments in respect of deferred income tax of prior periods	73	(731)
<b>Total deferred tax benefit</b>	<b>(3,543)</b>	<b>(8,360)</b>
<b>Total income tax benefit recognised in the Statement of Profit or Loss</b>	<b>(1,206)</b>	<b>(3,675)</b>
<b>Income tax expense recognised directly in equity</b>		
Current tax credited directly to other reserves	(120)	(120)
Deferred tax credited directly to other reserves	120	120
<b>Total income tax recognised in other comprehensive income</b>	<b>-</b>	<b>-</b>

# Notes to the Consolidated Financial Statements

## (continued)

### 5. Taxation (continued)

#### (b) Reconciliation of income tax on profit at the Australian tax rate to total income tax expense

	2024 \$'000	2023 \$'000
Profit before income tax	16,075	(143,469)
<b>Income tax calculated at the Australian tax rate of 30% (2023: 30%)</b>	<b>4,823</b>	<b>(43,041)</b>
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Differences in overseas tax rates	27	8,939
Effect of non-deductible expenses and other assessable items	1,810	30,338
Employee equity grant amortisation	(75)	(132)
Adjustments for current and deferred tax of prior years	(8,570)	(544)
Unrecognised tax losses	779	765
<b>Income tax benefit</b>	<b>(1,206)</b>	<b>(3,675)</b>

As disclosed in the 2023 financial report, significant judgements and estimation are required in determining taxable income and in the recognition and measurement of deferred tax assets relating to the reversal of timing differences and recoverability of unused tax losses and credits. During the current period, certain judgements and estimates relating to the tax treatment of a business disposal and employee share plan deductions were updated resulting in an adjustment to prior year balances and is recorded in the income tax benefit.

### 6. 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.

On 15 March 2024, Iress announced that it had entered into a binding agreement to divest its UK Mortgage Sales & Originations ("Mortgages") business for a total cash consideration of £85 million (\$167 million) before costs and working capital adjustments. The sale of the Mortgages business was completed on 1 August 2024.

The associated current and non-current assets and liabilities of the disposal group have been classified as held-for-sale as at 30 June 2024. The results of the Mortgages business are accounted for in the Managed Portfolio – UK segment.

As at 30 June 2024, the carrying amount of UK Mortgage's total assets amounted to \$90.4 million (£47.8 million.) and the total liabilities amounted to \$14.7 million (£7.8 million).

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

	30 June 2024 \$'000
<b>ASSETS</b>	
<b>Current assets</b>	
Receivables and other assets	3,564
<b>Non-current assets</b>	
Goodwill	83,383
Computer software	3,389
Plant and equipment	83
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Payables and other liabilities	(14,499)
Provisions	(283)
<b>Total net assets held-for-sale</b>	<b>75,637</b>

# Notes to the Consolidated Financial Statements

## (continued)

### 7. Intangible assets

Intangible assets of 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 is considered to have an indefinite life and is not amortised as it represents the synergistic benefits of bringing the businesses together.

#### (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 2023</b>						
Cost	481,050	46,620	102,716	1,540	16,943	<b>648,869</b>
Accumulated amortisation	–	(34,117)	(64,046)	–	–	<b>(98,163)</b>
<b>Net carrying value</b>	<b>481,050</b>	<b>12,503</b>	<b>38,670</b>	<b>1,540</b>	<b>16,943</b>	<b>550,706</b>
<b>Movement for the year</b>						
Balance at 1 January 2023	603,738	23,456	67,780	4,188	25,836	<b>724,998</b>
Disposal of subsidiary	(11,886)	–	(11,745)	(2,796)	(4,747)	<b>(31,174)</b>
Reclassified to assets held-for-sale	(1,572)	–	(6,581)	–	–	<b>(8,153)</b>
Reclassified between asset classes <sup>(1)</sup>	–	–	7,774	530	(8,304)	–
Internally generated development costs	–	–	–	–	14,059	<b>14,059</b>
Impairment of goodwill	(130,384)	–	–	–	–	<b>(130,384)</b>
Derecognition	–	–	(3,170)	–	(10,159)	<b>(13,329)</b>
Amortisation	–	(11,174)	(15,489)	(382)	–	<b>(27,045)</b>
Foreign currency translation	21,154	221	101	–	258	<b>21,734</b>
<b>Balance at 31 December 2023</b>	<b>481,050</b>	<b>12,503</b>	<b>38,670</b>	<b>1,540</b>	<b>16,943</b>	<b>550,706</b>
<i>Expected useful life (years)</i>	<i>indefinite</i>	<i>3 to 10</i>	<i>1 to 10</i>	<i>10</i>	<i>nil</i>	
<b>As at 30 June 2024</b>						
Cost	398,519	46,866	100,171	1,540	10,625	<b>557,721</b>
Accumulated amortisation	–	(36,499)	(60,603)	(192)	–	<b>(97,294)</b>
<b>Net carrying value</b>	<b>398,519</b>	<b>10,367</b>	<b>39,568</b>	<b>1,348</b>	<b>10,625</b>	<b>460,427</b>
<b>Movement for the half year period</b>						
Balance at 1 January 2024	481,050	12,503	38,670	1,540	16,943	<b>550,706</b>
Disposal of subsidiary	(2,167)	–	–	–	–	<b>(2,167)</b>
Reclassified between asset classes <sup>(1)</sup>	–	–	11,746	–	(11,746)	–
Reclassified between asset categories	–	–	91	–	–	<b>91</b>
Reclassified to assets held-for-sale	(83,383)	–	(3,389)	–	–	<b>(86,772)</b>
Internally generated development costs	–	–	–	–	5,338	<b>5,338</b>
Amortisation	–	(2,165)	(7,525)	(192)	–	<b>(9,882)</b>
Foreign currency translation	3,019	29	(25)	–	90	<b>3,113</b>
<b>Balance at 30 June 2024</b>	<b>398,519</b>	<b>10,367</b>	<b>39,568</b>	<b>1,348</b>	<b>10,625</b>	<b>460,427</b>
<i>Expected useful life (years)</i>	<i>indefinite</i>	<i>3 to 10</i>	<i>1 to 10</i>	<i>10</i>	<i>nil</i>	

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

# Notes to the Consolidated Financial Statements

## (continued)

### 7. Intangible assets (continued)

#### (b) Impairment testing for goodwill

Goodwill is tested for impairment annually, or more frequently when indicators of impairment are identified. In testing for impairment, the carrying amount of each Cash Generating Unit ("CGU") is compared against the recoverable amount.

The Group considers the relationship between the recoverable amount of each CGU and its carrying value at the time of the previous impairment testing, among other factors, when reviewing for indicators of impairment. As at 31 December 2023, the recoverable amounts recognised in respect of the Superannuation and UK CGUs would have been lower than their respective carrying values in the event of reasonably possible movements in the key assumptions applied in the determination of the discounted cash flows of each CGU. As a result, management performed an impairment test as at 30 June 2024 for the Superannuation and UK CGUs.

Allocation of goodwill to each relevant cash-generating unit:

Cash generating unit	Allocated goodwill	
	30 June 2024 \$'000	31 December 2023 \$'000
APAC Wealth Management	117,314	117,264
Trading & Global Market Data	65,584	43,662
International Market Data	–	5,458
Superannuation	–	–
UK	187,362	204,168
UK Mortgages	–	82,402
South Africa	13,093	12,854
Canada	15,166	15,242
	<b>398,519</b>	<b>481,050</b>

#### Reassessment of CGUs during the period

The Trading & Global Market Data CGU incorporates International Market Data (previously a separate CGU) and UK Trading (a line of business previously within the UK CGU) from 1 January 2024.

International Market Data distributes Iress' data feed and trading infrastructure software to global customers and is no longer considered to generate largely independent cash flows from its assets due to its ongoing integration within Iress' Trading & Global Market Data business. The carrying value of goodwill previously recognised in relation to the International Market Data CGU of €3.4 million (\$5.5 million) has been recognised in the net assets of the Trading & Global Market Data CGU from 1 January 2024.

UK Trading distributes Iress' securities trading software to UK customers and was reported to the Iress CODM as part of the Trading & Global Market Data business segment from 1 January 2024. The carrying value of goodwill attributable to the UK Trading line of business of £9.2 million (\$16.4 million) has been calculated on a relative value basis and recognised in the net assets of the Trading & Global Market Data CGU from 1 January 2024.

The UK CGU ceased to include the UK Trading line of business from 1 January 2024 and the Pulse software business from the date of its divestment on 6 June 2024. The carrying value of goodwill recognised within the UK CGU was reduced by the value of goodwill attributed to the UK Trading business of £9.2 million (\$16.4 million) and the value of goodwill attributed to Pulse of £1.1 million (\$2.2 million), calculated on a relative value basis.

The Mortgages CGU was divested in August 2024 and its assets have been reclassified as held-for-sale assets during the reporting period, including the carrying value of goodwill at 30 June 2024 of £44.1 million (\$83.4 million).

# Notes to the Consolidated Financial Statements (continued)

## 7. Intangible assets (continued)

### Impairment assessment at 30 June 2024

The Superannuation and UK CGUs were tested for impairment at 30 June 2024. The recoverable amount of the CGUs was determined as fair value less cost of disposal, using a DCF approach. The fair value less costs of disposal DCF approach:

- Utilises post-tax cash flow projections based on the most recent five-year financial plan. These cash flow projections include estimated benefits to be delivered from ongoing post-restructure transformation activities taking place over the forecast period.
- Is discounted at an appropriate after-tax discount rate, taking into account an assessed weighted average cost of capital adjusted for any risks specific to the CGU. The discount rate used for testing the Superannuation CGU was 9.4% (2023: 9.4%) and for the UK CGU was 9.65% (2023: 9.65%).
- Applies a terminal growth rate to year 5 earnings. Terminal growth rates are based on estimates of long term inflation and nominal GDP growth in the country in which the CGU primarily operates. The terminal growth rate used for testing the Superannuation CGU was 2.5% (2023: 2.5%) and for the UK CGU was 2.0% (2023: 2.0%).
- Deducts estimated disposal costs from the recoverable amount determined.

The fair value less costs of disposal determined is compared to the carrying amount of the CGU which includes directly attributable assets of each CGU and an allocation of corporate assets. The valuation is considered to be Level 3 in the fair value hierarchy due to unobservable inputs used in the valuation.

The impairment assessment at 30 June 2024 indicated that the recoverable amounts of the Superannuation and UK CGUs each exceeded the carrying values of their respective net assets.

### 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.

The Group considered the impact of climate change on the cash flow projections included in the value-in-use models and concluded that based on current expectations, facts and circumstances, there were no significant impacts to the projected cash flows.

### Sensitivity to changes in assumptions

Management is of the view that reasonably possible changes in certain key assumptions, such as an increase to the discount rate of 1% or a reduction in cash flows of 10% would not cause the recoverable amount for the Superannuation or UK CGUs to fall short of their respective carrying amounts as at 30 June 2024. In relation to the Superannuation CGU, a reduction in the revenue compound annual growth rate of 0.7%, whilst all other assumptions are held constant, would result in the recoverable amount equalling the carrying amount, although accompanying changes in other assumptions may mitigate the impact of such change.

At the prior comparative balance date of 31 December 2023, for the estimated recoverable amount of the UK CGU at that time to have equalled its carrying amount, the post-tax discount rate would have had to increase to 9.88%, or the projected cash flows would have needed to be reduced by 1.39%. For the estimated recoverable amount of the Superannuation CGU at 31 December 2023 to have been equal to its carrying amount, the post-tax discount rate would have had to increase to 9.51%, or the projected cash flows would have needed to be reduced by 0.16%.

There has been no impairment of goodwill during the half year ended 30 June 2024. The carrying values of goodwill in relation to CGUs with operations outside of Australia have been translated to Australian dollars using spot exchange rates at 30 June 2024 for the respective foreign currencies.

# Notes to the Consolidated Financial Statements

## (continued)

### 8. 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.

Details of borrowings at carrying value held by the Group are as follows:

	Borrowings at carrying value	
	30 June 2024 \$'000	31 December 2023 \$'000
<b>Non-current</b>		
<b>\$50 million bank facility to June 2025</b>		
AUD	–	18,000
EUR	–	30,007
<b>\$350 million bank facilities to October 2025</b>		
AUD	103,000	117,000
GBP	62,422	61,688
EUR	53,711	24,330
<b>£60.5 million fixed rate notes to May 2029</b>		
GBP	114,440	113,093
<b>Total amount drawn</b>	<b>333,573</b>	<b>364,118</b>
Borrowing costs capitalised	(296)	(555)
<b>Total borrowings</b>	<b>333,277</b>	<b>363,563</b>

### 9. Contingent assets and liabilities

On 2 July 2024, Iress announced that it had concluded its internal investigation into the unauthorised access of Iress' user space on GitHub, a third-party code repository platform which manages software code before it goes live in production, as first announced on 13 May 2024.

Iress has recognised costs incurred in relation to the incident in its Consolidated Statement of Profit or Loss for the half year ended 30 June 2024. Potential recoveries of costs incurred in relation to the incident under Iress' insurance policies have not been recognised at balance date. No amounts have been provided in relation to potential regulatory actions or third party claims as no amounts are considered probable at 30 June 2024. Any future possible impacts are uncertain and cannot be reliably estimated as at balance date.

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

On 15 March 2024, Iress announced that it had entered into a binding agreement to divest its UK Mortgage Sales & Originations ("Mortgages") business for a total cash consideration of £85 million (\$167 million<sup>(1)</sup>) before costs and working capital adjustments. The sale was completed on 1 August 2024. The financial effects of completion of the transaction were not recognised as at 30 June 2024. An estimated gain on disposal of the subsidiary of approximately \$64 million is expected to be recognised in Iress' Consolidated Statement of Profit or Loss for the year ending 31 December 2024.

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.

(1) AUD GBP exchange rate on 1 August 2024 of 1.96429.

# Directors' Declaration

For the half year ended 30 June 2024


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 2024 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*.

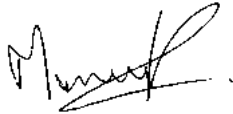
On behalf of the Directors.

For personal use only



**Roger Sharp**  
Chair

Melbourne 19 August 2024



**Marcus Price**  
Managing Director and Chief Executive Officer

# Independent Auditor's Review Report



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

## 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 statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, explanatory notes, 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 2024 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 2024 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  
19 August 2024