2023 annual report

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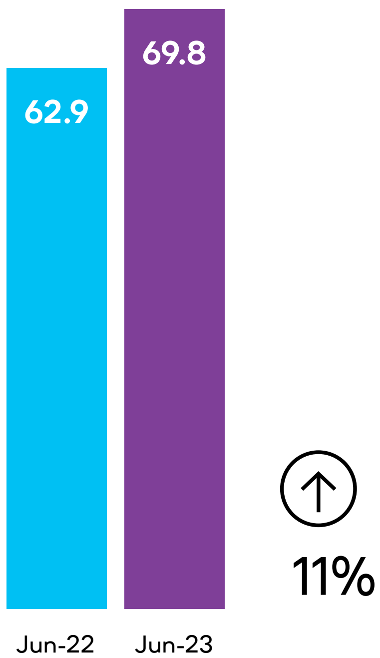
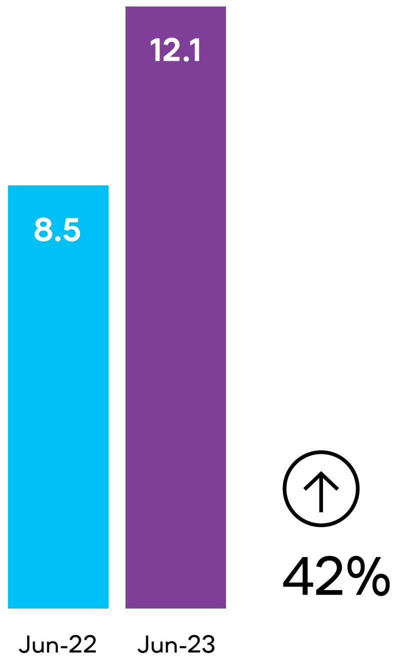
Financial Update (A$M)

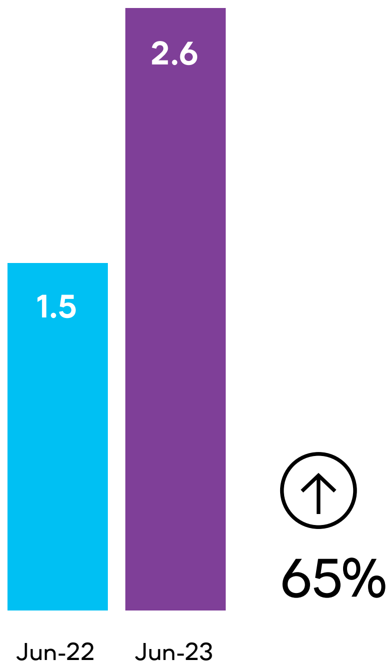
Revenue



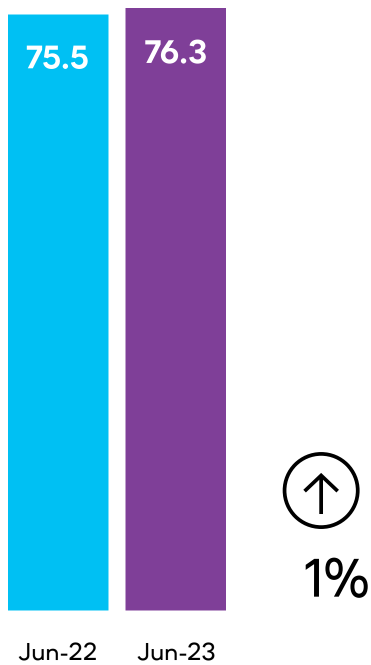
EBITDA



NPAT (Excl impairment)*

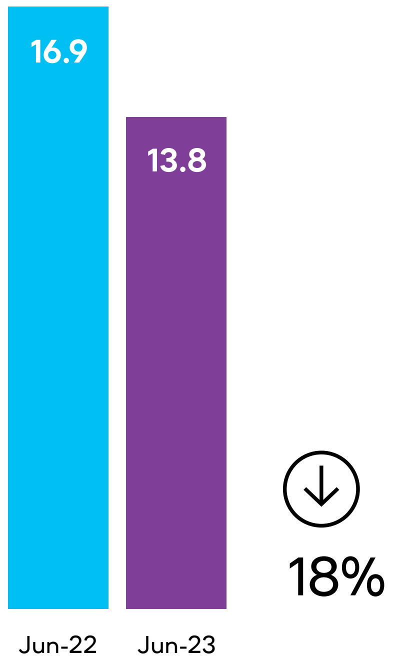


Cash Receipts from Customers

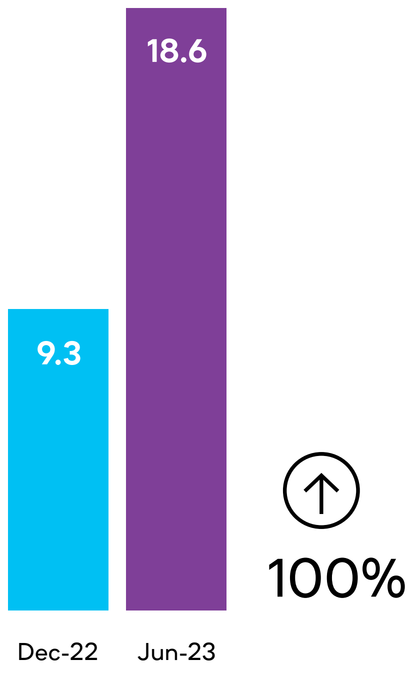


* NPAT excludes $31.8m impairment of goodwill and intangible assets.

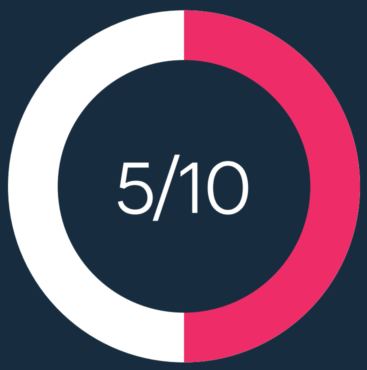
Net Operating Cashflow



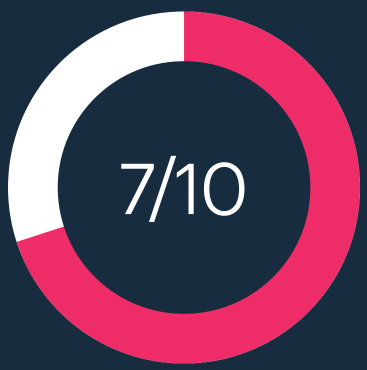
Net Cash



Our Customers



top US telcos



top US banks

largest Australian companies (market cap)

Chairman's and CEO's Letter

Dear Shareholders,

On behalf of the Board, we are grateful for your ongoing support of Integrated Research Ltd (IR).

Last year, we shared how we are transforming our business, in the face of external and internal execution challenges. This year we have continued the work to transition the business and improve our execution.

Our three-phase strategy of innovation, execution and scale continues to be the driving force for the business. However, the execution phase has been extended as we focus on getting the business fundamentals right. We are refining our Go-To-Market model, to ensure that we are more closely aligned with nearer-term customer needs and increasing our focus on winning new business. This includes new customers for our current product portfolio and selling new products to our existing customers. We are confident that we have the right strategy in place for this phase of our business.

FY23 Report

The Company achieved normalized profit after tax for the year of $2.6 million, excluding a non-cash impairment charge resulting from an impairment assessment forecast reflecting current trends in new business, renewals, and expense growth.

The lead performance indicator, Total Contract Value or TCV was $68.5 million for the year. Subscription revenues for the period was $68.3 million. Statutory revenue for the period was $69.8 million, up 11% over the prior year. Cash receipts from customers totalled $76.3 million. Our cash conversion rate for the year improved to 101% as a result of the strong cash collection in the year.

From a regional perspective, APAC continued its strong growth trajectory up 36%. The Asia Pacific growth was across all products and new business and renewals. Europe too continued its return to growth up 18% pcp. Our largest geographic region – the Americas witnessed growth as well. Whilst modest, TCV was up 5% pcp.

Cash at bank was up strongly on the back of good collections discipline. Cash and trade receivables increased $1 million on the prior year. Receivables remain a strong source of cashflow. The Company remains debt free.

Driving momentum in FY24

Our FY23 results demonstrated our commitment to transform our business into a more efficient organization. Our effort is not only to identify opportunities to transition our business, but to better execute on how we do business. A key focus is on reducing the cost of doing business and improving the company's working capital position.

We have refined our product innovation approach, to address near-term opportunities with customers and prospects. An enhanced business case discipline will reduce development cycles tied to validated customer use cases, in some cases leveraging a co-development model. We will continue to improve our working capital in order to self-fund future strategic options.

The FY24 renewals book is up on the prior year and weighted to the second half as well as the Collaborate product line. Our Collaborate business will continue to focus on large, complex, multi-vendor enterprises where our value proposition and price point resonate more strongly. We are also focused on enterprises where there will be a longer tail for our on-premises solutions. Examples of these include large critical healthcare providers, higher education institutions and law enforcement as well as large global enterprises.

Some of the challenges we face in Collaborate are customers moving away from their on-premises infrastructure which has been our core strength, customers utilizing vendor tools for their cloud-based deployments and data limitations from vendor APIs. To address these challenges, we are leveraging our extensive large enterprise customer base where the average number of seats is greater than 25,000, and their environments are inherently more complex.

Two significant drivers of demand for our Transact product line remain compliance and real-time payments. ISO 20022, an electronic messaging global standard for financial information is driving compliance requirements for large financial institutions and payment processes.

Many countries have been rolling out real-time payment schemes, creating new challenges for monitoring and managing these rails. We are targeting customers and prospects with existing products and value-added services to address these challenges. We have also re-balanced our Go-To-Market strategy to align more closely with our customer's journey.

The challenges for Transact include the industry dynamic of slow adoption of new products, difficulty in projecting how the segment evolves with cloud, and navigating large vendor priorities as well as the emergence of new competition in response to changing market dynamics.

Our Infrastructure business continues to benefit from the long-term commitment of our existing customers to the NonStop platform. This results in committed long term contracts as well as increasing capacity, and product enhancements. The challenge remains that over time a number of customers are migrating away from NonStop to other platforms as well as opportunities to consume infrastructure-as-a- service (IaaS).

Looking Ahead

Customers have acknowledged the value we bring to them through the annual customer survey we conduct, highlighting the quality of our products, the mission-critical nature of what we do and how we help them resolve complexities in their business.

While the focus remains on our three product lines of Collaborate, Transact and Infrastructure, we are broadening our monitoring strategy and leveraging targeted co-development opportunities with key customers. We are also extending our 3rd party alliances and partnerships to extend our value proposition. We are confident that these initiatives are key to our execution and growth.

The teams are working hard behind the scenes to improve the conversion of our existing pipeline of prospective customers and are building to near-term customer requirements to make sure that the technology we have built is well utilized by customers.

Key priorities

We have defined a clear and consistent set of priorities as we work hard to continue the business growth trajectory.

1. Field leadership in all three regions continue their focus on improved field discipline, renewal yield and new business pipeline.
2. We have rolled out a commission plan that rewards 'new' business.
3. The renewal book is stronger in FY24, and is expected to benefit from the processes, cadence and discipline implemented in FY23. We are very focused on addressing some of the challenges impacting Collaborate renewals.
4. In FY23 we flexed our approach to innovation and R&D spend. We will benefit from this approach in FY24 with customer-driven solutions, co-development with customers and vendors and a near-term focus.
5. Our cash position has strengthened, and we have done some balance sheet repair. Through prudent cost management and operational performance, we will continue the improvement of the company's working capital position to fund growth.

Dividend

In line with the Company's objective of retaining a strong balance sheet, the Board has not declared a dividend for the full year. The solid cash position will enable IR to weather the external capital market forces and ongoing self-funded innovation for growth.

We are paving the way for a new chapter of growth. Our Board is confident that through this next phase, the changes we have made will be the building blocks of a stronger business performance in FY24.

In closing, we would like to extend our gratitude to our team, customers, and shareholders.

Regards,

Peter Lloyd
Chairman

John Ruthven
Chief Executive Officer

connect the dots to ensure technology delivers on its promise

create great when it matters most

About IR

IR is the corporate brand name of Integrated Research Limited, the leading global provider of experience management solutions for business-critical technology environments.

The modern world relies on a complex array of technologies to keep turning. IR's aim is to simplify that complexity and enable their customers to create great experiences, insights, systems and connections, when it matters most.

IR offers three key solution suites - Collaborate, Transact and Infrastructure - powered by the Prognosis platform, enabling a deeper level of insight to turn real-time data into real-time intelligence.

These solutions enable performance management, analytics, and business insights, and are used by many of the world's largest organizations including major stock exchanges, banks and telecommunication companies, to keep their critical technologies running as they should.

Our purpose is to create great when it matters most.

Our mission is to connect the dots to ensure technology delivers on its promise.

IR Collaborate

IR Collaborate offers enterprise grade performance management, testing solutions and analytics across voice, web, video and collaboration ecosystems.

Whether your environment is on-premises, in the cloud, or hybrid, IR Collaborate simplifies the complexity of modern unified communication and collaboration environments, providing the insight you need to ensure your most essential business systems, provide a seamless experience and optimize the collaboration that connects your people.

IR Transact

Analyse transaction data, deploy new technology with confidence and ensure a seamless payments experience to keep your card, high value and real-time payments business flowing.

IR Transact simplifies the complexity of managing modern payments ecosystems, uncovering unparalleled insights and turning data into intelligence to help you optimize the commerce that connects our global economies.

IR Infrastructure

Access real-time insight into HPE Non-Stop environments to help manage IT performance, spot patterns in data, proactively prevent problems, and build a solid foundation for business-critical systems.

IR Infrastructure provides the insight organizations need to make informed business decisions and ensure systems are running efficiently to optimize the mission-critical environments that connect our world.

Directors' Report

The Directors present their report together with the Financial Report of Integrated Research Limited ("the consolidated entity"), being the Company and its controlled entities, for the year ended 30 June 2023 and the Auditor's Report thereon.

Review of operations and activities

Principal activities

Integrated Research Limited's (the "Company" or "IR") principal activities are the design, development, implementation and sale of systems and applications management computer software for business-critical computing, Unified Communication networks and Payment networks.

Group overview

Integrated Research has a long heritage of providing performance monitoring, diagnostics and management software solutions for business-critical computing environments.

Since its establishment in 1988, the Company has provided its Prognosis products to a cross section of large organizations requiring high levels of computing performance and reliability.

Prognosis is an integrated suite of monitoring and management software, designed to give an organization's management and technical personnel operational insight into and optimise the operation of their HP NonStop, distributed system servers, Unified Communications ("UC"), and Payment environments and the business applications that run on these platforms.

Integrated Research has developed its Prognosis products around a fault-tolerant, highly distributed software architecture, designed to achieve high levels of functionality, scalability and reliability with a low total cost of ownership.

Integrated Research services customers in more than 60 countries through direct sales offices in the USA, UK, Germany, Singapore and Australia, and via a global, channel-driven distribution network. Integrated Research's customer base consists of many of the world's largest organizations and includes major stock exchanges, banks, credit card companies, telecommunications carriers, technology companies, service providers and manufacturers.

The Company generates its revenue from licence fees, recurring maintenance, testing solutions and professional services. Revenue from the sale of licences where there are no post-delivery obligations is recognised at the date of the delivery. Revenue from maintenance contracts is recognised rateably over the service agreement. Revenue from professional services and testing solution services is recognised over the period the services are delivered. The Company has recently expanded its product offering to Software as a Service ("SaaS") with the introduction of cloud-based solutions. SaaS revenues are classified as subscription fees and are recognised rateably over the delivery period.

Review and results of operations

Overview

The Company reported an annual loss after tax of $29.2 million, representing a significant decrease on the prior year as a result of a non cash asset Impairment. Revenue for the year was $69.8 million, up 11% over the prior year. The improvement in revenue performance was the consequence of more stable trading conditions and a strong renewal portfolio. The first half of the financial year was the Company's strongest period for sales, with most renewals occurring in the first half. Sales execution risk mitigation continued to be a focus of management, and pleasingly all regions improved over the prior year. New business sales were marginally lower than the preceding year.

The Company benefited from currency gains of $0.9 million (prior year gain of $1.6 million) and other income of $0.5 million (prior year $1.4 million). These amounts are included in other gains and losses of the Consolidated Statement of Comprehensive Income.

Revenue

The following table presents Company revenues for each of the relevant product groups:

In thousands of AUD	2023	2022	% Change
Collaborate	**39,368**	34,324	15%
Infrastructure	**14,667**	13,240	11%
Transact	**12,127**	8,249	47%
Professional services	**3,666**	7,054	(48%)
Total revenue	**69,828**	62,867	11%

Collaborate revenue of $39.4 million, increased by 15% over the prior year. The Collaborate market continues to have significant change with customers moving toward cloud and hybrid environments and reducing their footprint of on-premise collaboration tools. This has increased the risk of churn on the Company's on premise collaborate solution. The constant currency net revenue retention rate for Collaborate was 79% (2022: 88%). Licence fees for Collaborate were $24.5 million, up 24% over the prior year. SaaS revenues for Collaborate were $2.5 million, up 101% over the prior year, noting that the revenue from cloud-based products is recognised over time.

Infrastructure revenue of $14.7 million, increased by 11% over the prior year. Transact revenue of $12.1 million, increased by 47% over the prior year. Licence transactions sold during the year were closed on a multi-year term basis with maturities ranging from an average three to five years.

The following table presents Company revenues for each of the relevant geographic segments in underlying currencies:

	2023	2022	% Change
Asia Pacific (A$'000)	**17,219**	15,150	14%
Americas (USD'000)	**28,113**	27,618	2%
Europe (£'000)	**5,755**	5,228	10%

Asia Pacific revenue of $17.2 million, was up 14% over the prior year. The region achieved growth across all product lines with a combination of new business, capacity and renewals supporting the result. The region achieved growth in both halves through both direct and indirect (including managed service providers) channels. Asia Pacific added 10 new customers over the course of the year.

Americas revenue of US$28.1 million, was up 2% over the prior year. The region was off to a slow start with first half revenues flat against 1H 2022. There was modest improvement in the second half, resulting in aggregate revenue growth. The Americas added 14 new customers over the year.

Europe revenue of £5.8 million, was up 10% over the prior year. Europe first half revenues were up 16% in the first half and down 2% in the second half. Europe added no new customers over the course of the year.

Expenses

The following table presents the Company's cost base compared to the preceding year:

In thousands of AUD	2023	2022	% Change
Product and technology expenses	**23,695**	22,767	4%
Sales, professional services and marketing expenses	**40,892**	41,136	(1%)
General and administration expenses	**6,312**	6,241	1%
Impairment expenses	**31,778**	–	–
Total expenses	**102,677**	70,144	46%

Total expenses were up 46% to $102.7 million. The significant uplift in expense was primarily a result of a $31.8 million impairment of goodwill and intangible assets as the company performed its Cash Generating Unit valuation with updated forecasts reflecting historical trends for new business, renewals and expense growth. The Company experienced wage pressure during the year, with the demand for key talent such as software engineers intensifying. The increase in wage costs has mostly been offset by a reduction in staff numbers over the course of the year. Total staff numbers finished the year at 175 (2022: 202).

Gross spending on product and technology expenditure represents 30% of total revenue (2022: 38%):

In thousands of AUD	2023	2022	% Change
Gross product and technology spending	**20,882**	23,847	(12%)
Capitalisation of development expenses	**(7,479)**	(11,499)	(35%)
Amortisation of capitalised expenses	**10,292**	10,419	(1%)
Net product and technology expenses	**23,695**	22,767	4%
Gross spend as a % of revenue	**30%**	38%	

Directors' Report

Shareholder returns

Returns to shareholders were as follows:

	2023	2022	2021
Net (loss)/profit ($'000)	**($29,226)**	$1,545	$7,935
Basic EPS (cents)	**(16.90)**	0.90	4.61
Dividends per share	**Nil**	Nil	Nil
Dividend franking percentage	**N/A**	N/A	N/A
Return on equity	**(40%)**	2%	10%

Financial position

The following table presents key items from the consolidated statement of financial position:

In thousands of AUD	2023	2022
Assets		
Cash and cash equivalents (current)	**18,553**	12,329
Trade and other receivables (current and non-current)	**63,453**	68,807
Intangible assets (non-current)	**–**	31,309
Liabilities		
Deferred Revenue (current and non-current)	**14,082**	14,625
Equity	**59,874**	87,113

The Company's end of year net cash position was $18.6 million (2022: $12.3 million), with no borrowings (2022: nil).

The decrease in trade receivables and deferred revenue is the result of improved collection during the year.

The impairment resulted in an asset write down of $31.8 million for the period. This reflects that while the Company has a strong position in on-premise solutions, the evolving SaaS market has significantly curtailed forecast future use cases.

The consolidated statement of financial position presented on page 39 together with the accompanying notes provides further details.

Strategy and Priorities

Post pandemic our core markets of Collaborate and Transact are continuing to evolve, with the structural market changes of remote working and cashless payments having redefined our customers' infrastructure.

This presents a changing landscape for IR to respond to, as large enterprises who are the core of our customer base, make strategic decisions around on-premise, hybrid and SaaS infrastructure.

A core focus in FY23 was repairing our previously strong key business fundamentals. We made good progress while keeping an eye on our cash balance, with the intention of driving the business forward in a sustainable way. We have strengthened our foundation in this regard – launched new products and re-aligned key personnel to improve our execution.

Our balance sheet has no debt and a healthy cash balance.

We make the following observations regarding the current trading year:

- Customer sentiment appears to have normalised to pre-COVID levels. Customer budgets are not presently impacted by current economic conditions, reinforcing 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 a full SaaS environment;
- 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; and
- Year-end cash balance expected to be higher, assisted by increased sales, reset cost base, and focused receivables collections program.

During 2024 our key priorities include:

- Continuing the Americas and Europe growth through improved sales discipline;
- Launch of commercially viable customer driven solutions for near term opportunities; and
- Retaining a strong balance sheet and reset the operating cost base.

The material risks to delivery on our priorities are:

- Vendors enhancing their in-built tools to narrow the competitive advantage of the IR offer;
- Changing customer requirements, particularly a move to more homogeneous environments;
- Inflationary cost pressures both in the IR supply chain (wages growth, supplier price increases), and for customers resulting in an increase in competitive pricing in renewals and new business;
- Sales capability given the tight labour market, highly technical skillset and time to productivity to effectively build a pipeline of opportunities and convert these to commercial deals; and
- Product capability, given the tight labour market, highly technical skillset and time to productivity to ensure our product offering and value proposition are relevant in the market.

Directors' Report

Directors

The Directors of the Company at any time during or since the end of the financial year are listed below:

Peter Lloyd

MAICD

Independent Non-Executive Director and Chairman

Peter was appointed Director in July 2010 and elected Chairman in March 2021. He has over 40 years' experience on computing technology, having worked for both computer hardware and software providers. For the past 35 years, Peter has been specifically involved in the provision of payments solutions for banks and financial institutions. He is currently the proprietor of The Grayrock Group Pty Ltd, a management consultancy company focusing on the payments industry. Peter is a Non-Executive Director of privately held Taggle Pty Ltd. Peter's current term will expire no later than the close of the 2025 Annual General Meeting.

Listed company Directorships held in the past three years other than listed above: None.

John Ruthven

B.Ed, MAICD

Managing Director and Chief Executive Officer

John joined IR in July 2019 as the Company's Chief Executive Officer and was appointed as Director in September 2019. Mr Ruthven is an internationally experienced software industry executive respected for his strategic approach and operational expertise across global enterprises. Mr Ruthven has over 20 years' experience working in the technology industry with a proven track record of leadership and delivering strong profitable growth.

Most recently, Mr Ruthven was the Operating Officer – Global Sales at TechnologyOne. Prior to that he was President & Managing Director ANZ of SAP, SVP International Sales at Zuora Inc, and held various senior positions at CA Technologies and Computer Associates Inc. John has extensive international experience in the USA, Europe and Asia Pacific regions.

Listed company Directorships held in the past three years other than listed above: None.

Cathy Aston

B.Ec, M. Comm, SF Fin, GAICD

Independent Non-Executive Director

Cathy was appointed a Director in April 2022. She is a seasoned professional with over 25 years' experience across diverse sectors which include technology, financial services, superannuation, government, marketing services and digital business. Cathy also has senior executive experience with entities in Australia and Asia Pacific region. Ms. Aston is currently Chair of IMB Bank and a non-executive director of IVE Group and Macquarie Investment Management, and was previously a non-executive director of Virtus Health (ASX:VRT), Over The Wire Holdings (ASX:OTW), Southern Phone and the Financial Institute of Australasia (FINSIA). In addition, Ms. Aston has experience as Chair of Audit & Risk Committees for several local and overseas organizations. Cathy previously worked in the telecommunications industry and had roles with Telstra Corporation, Telstra International (Hong Kong and New Delhi) and Mobitel Private Limited (Sri Lanka). Cathy's current term will expire no later than the close of the 2025 Annual General Meeting.

Cathy is currently Chair of Integrated Research's Audit & Risk Committee.

Listed company Directorships held in the past three years other than listed above: None.

Allan Brackin

BAppSc

Independent Non-Executive Director

Allan was appointed a Director in February 2021. He is a seasoned non-executive Director with entrepreneurial flair and over 35 years' experience in the technology sector. He has a proven track record as a business builder and advisor, with experience in business strategy, sales and marketing, process re-engineering, change management, financial management, M&A activity and governance. Allan is the former founder and CEO of AAG Technology Services, CEO and Managing Director of Volante Group Ltd, previously Chair of RPM Global Ltd, Chair of Opticomm Ltd, Chair of GBST Ltd, Chair of Sensera Limited and is currently a Non-Executive Director of ASX listed 3P Learning Limited. Mr. Brackin has also worked with companies in the private sector and several not-for-profits in the capacities of Chair, Advisory Board member and/or Non-Executive Director. Allan's current term will expire no later than the close of the 2024 Annual General Meeting.

Allan is currently Chair of Integrated Research's Nomination & Remuneration Committee.

Listed company Directorships held in the past three years other than listed above: None.

Anne Myers

MBA, FAICD

Independent Non-Executive Director

Anne was appointed a Director in July 2018. Ms. Myers has worked in the finance and technology industry for over 30 years with experience in business strategy, technology, digital innovation and operational functions. Anne is the former Chief Operating Officer and CIO of ING Direct Australia and has also acted in executive technology and business roles for QBE, Macquarie Bank and St George Bank. She is currently a Director of both Defence Bank Limited and United Way Australia Limited and has previously been a Council Member of the University of New England. Ms. Myers has also worked in the not-for-profit sector as CEO of United Way Australia, and was a member of the Industry Advisory Network for the University of Technology. Anne's current term will expire no later than the close of the 2023 Annual General Meeting.

Anne is currently Chair of Integrated Research's Technology & Innovation Committee. During part of 2022, Anne was Chair of Integrated Research's Audit & Risk Committee.

Listed company Directorships held in the past three years other than listed above: None.

James Scott

BEng Hons, GAICD, FIEAust CPEng EngExec

Independent Non-Executive Director

James was appointed a Director in May 2021. He is a seasoned professional with over 26 years' experience in media and technology sector with industry and advisory businesses at a local and international level. Mr. Scott is currently an operational advisor to private equity firm, Liverpool Partners, a non-executive director of Boom Logistics (ASX:BOL), non-executive director of Orbx Pty Ltd, Chair of MerchantWise Group Pty Ltd, Chair of Seisma Pty Ltd, and Chair of Simplyai Pty Ltd, and was previously non-executive Chair of data & analytics business, Skyfii (ASX:SKF). James was previously Managing Director of Accenture Digital, a Partner in KPMG's Advisory division and was the Chief Operating Officer of Seven Group Holdings (ASX:SVW). Mr. Scott was a founder and director of Imagine Broadband Limited and was a Director of WesTrac and Coates Hire during his time with Seven Group Holdings. James's current term will expire no later than the close of the 2024 Annual General Meeting.

Listed company Directorships held in the past three years other than listed above: None.

Directors' Report

Officers of the Company

General Counsel and Company Secretary

Will Witherow

B.A., J.D.

Will joined IR in July 2017, based in the Company's Denver Colorado office. Mr. Witherow was promoted to Head of Legal and Compliance in 2019 and subsequently relocated to IR's head office in Sydney, overseeing the provision of legal services for the Company's global operations and serving as IR's Data Privacy Officer. Will was appointed IR's General Counsel and Company Secretary in April 2022. Will is a qualified lawyer, holding a B.A. in Political Science and International Relations, and a J.D. in Law, along with being a Certified Information Privacy Professional through the International Association of Privacy Professionals. Prior to joining IR, Will gained experience in the software industry with global organizations, including Oracle and Deloitte.

Chief Financial Officer

Matthew Walton

B.Sc., MBA, CPA

Matthew joined IR in July 2022 and is responsible for Group Financials, Finance Planning & Analysis, Legal, Enterprise Program Management Office and Internal Systems.

With an extensive background of working with listed tech companies in Australia, Matthew's previous role was at GBST as the CFO, where he led the Finance, Risk and PMO functions. Previously Matthew has been the CFO at Eftpos Payments Australia and Afterpay. He has also held a range of senior finance roles with YBR, Vow Financial, Westpac and BT Financial Group.

CPA qualified and a graduate member of the Australian Institute of Company Directors, he brings to IR extensive experience as a senior finance executive with a strong operational, commercial and strategic focus. He graduated with a Bachelor of Science from the University of Sydney and has an MBA from the Macquarie Graduate School of Management.

Resigning and Retiring Directors and Officers during the year

Company Secretary

David Purdue, BEc, MBA, Grad Dip CSP, FCA, FGIA, FCG, GAICD

David retired as Company Secretary in September 2022. David was appointed Company Secretary in July 2012 and was with IR for over 18 years.

Chief Financial Officer

Peter Adams, BCom, CA

Peter resigned as Chief Financial Officer in August 2022. Peter was with IR for 14 years and commenced as Chief Financial Officer in 2008.

Results

Loss for the year was $29.2 million (2022: profit $1.5m).

Dividends

There were no dividends paid or declared by the Company during the year.

Events subsequent to reporting date

There has been no transaction or event of a material or unusual nature that has arisen in the interval between the end of the financial year and the date of this report which is likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

Future developments

Likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations are referred to generally in the Review of Operations and Activities Report.

Further information on likely developments including expected results would be in the Directors' opinion, result in unreasonable prejudice to the Company and has therefore not been included in this Report.

Directors and Company Secretary

Details of current Directors' qualifications, experience and special responsibilities are set out on pages 14 to 15. Details of the company secretary and his qualifications are set out on page 16.

Officers who were partners of the audit firm during the financial year

No officers of the Company were partners of the current audit firm during the financial year.

Directors' meetings

The numbers of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2023, and the numbers of meetings attended by each Director were:

	Board Meetings		Audit & Risk Committee Meetings		Nomination & Remuneration Committee Meetings		Technology & Innovation Meetings	
	A	B	A	B	A	B	A	B
Peter Lloyd	21	21	4	4	6	6	4	4
John Ruthven	21	21	–	–	–	–	–	–
Cathy Aston	21	21	4	4	–	–	–	–
Allan Brackin	21	21	4	4	6	6	–	–
Anne Myers	20	21	–	–	–	–	4	4
James Scott	21	21	–	–	6	6	4	4

A. Number of meetings attended.
B. Number of meetings held during the time the Directors held office or was a member of the Board or committee during the year.

State of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review.

Environmental regulation

The consolidated entity's operations are not subject to significant environmental regulations under either Commonwealth or State legislation.

Directors' Report

Directors' interests

The relevant interest of each Director in the shares, options or performance rights over ordinary shares issued by the companies in the consolidated entity and other relevant bodies corporate, as notified by the Directors to the Australian Securities Exchange in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

	Ordinary shares in Integrated Research			Options	Performance rights
	Directly held	**Beneficially held**	**Total**	**Number of options**	**Number of rights**
Peter Lloyd	–	51,263	51,263	–	–
John Ruthven	99,593	–	99,593	655,809	795,368
Cathy Aston	37,500	–	37,500	–	–
Allan Brackin	–	150,000	150,000	–	–
Anne Myers	21,500	–	21,500	–	–
James Scott	–	74,588	74,588	–	–

Share options and performance rights

Options and performance rights granted to Directors and key management personnel

During or since the end of the financial year, the Company granted performance rights for no consideration over unissued ordinary shares in Integrated Research Limited to the following named Directors and executive officers of the consolidated entity as part of their remuneration:

	Number of performance rights granted	Performance hurdle	Exercise price	Expiry date
Directors				
John Ruthven	700,000	Yes	Nil	Aug 2025

The performance rights were granted under the Integrated Research Performance Rights and Option Plan (established November 2011).

Unissued shares under options and performance rights

Unissued ordinary shares of Integrated Research Limited under options and performance rights at the date of this report are as follows:

Expiry date	Exercise price	Number of shares
Aug 2023	Nil	170,994
Sep 2023	Nil	1,763,198
Aug 2024	Nil	45,200
Sep 2024	Nil	1,763,270
Aug 2025	Nil	1,634,212
Sep 2025	Nil	1,523,289
Aug 2026	$1.98	1,147,332
Total performance rights and options		8,047,495

Performance rights and options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Indemnification and insurance of officers and auditors

Indemnification

The Company has agreed to indemnify the Directors of the Company on a full indemnity basis to the full extent permitted by law, for all losses or liabilities incurred by the Director as an officer of the Company including, but not limited to, liability for negligence or for reasonable costs and expenses incurred, except where the liability arises out of conduct involving a lack of good faith.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment of this type has been made to Ernst & Young during or since the financial year.

Insurance

During the financial year Integrated Research Limited paid a premium to insure the Directors and executive officers of the consolidated entity and related bodies corporate.

The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against officers in their capacity as officers of the consolidated entity.

Remuneration report

The Company's Remuneration Report, which forms part of this Directors' Report, is on pages 20 to 30.

Corporate governance

A statement describing the Company's main corporate governance practices in place throughout the financial year is on pages 31 to 36.

Non-audit services

During the year Ernst & Young, the Company's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit & Risk Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

– All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit & Risk Committee to ensure they do not impact the integrity and objectivity of the auditor, and
– The non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement F1 Professional independence, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

A copy of the auditors' independence declaration as required under Section 307C of the Corporations Act is on page 70 and forms part of the Directors' Report.

Rounding of amounts to nearest thousand dollars

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 and in accordance with that Class order, amounts in the Financial Report and the Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the Directors.

Peter Lloyd
Chairman

John Ruthven
Managing Director and Chief Executive Officer

Dated at North Sydney this 25th day of August 2023

Remuneration Report (audited)

Introduction from the Chair of the Nomination & Remuneration Committee

Dear Shareholder,

On behalf of the Board, I am pleased to present our Remuneration Report for FY23. This report describes our remuneration principles and framework for directors and executives. It sets out the links between our remuneration framework and business strategy, performance and reward, and shareholder value creation.

Our remuneration framework is underpinned by our strategy to:

- Target innovation and research and development activities;
- Focus on growing and consolidating our footprint in key geographical markets; and
- Build strong and lasting alliances.

The remuneration structures of the Company are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creating strong value and returns to shareholders. These remuneration structures are competitively set based on the remuneration principles including:

- Attract and retain top talented Key Management Personnel ("KMP")
- Alignment between remuneration reward with business strategy and driving shareholders' value/return
- Structure that is flexible in adapting to a changing environment
- Fair and equitable remuneration framework

FY23 performance and remuneration outcomes

In FY23 we continued the transition to build a stronger company with an expanded product set and enhanced market opportunity. We have adopted a more agile and disciplined approach and delivered on our key priorities of returning the Americas and Europe markets to growth and launching a new generation of products. FY23 highlights include:

- Total contract value growth of 21%
- Increased average contract length to 3 years compared to 2.6 years in FY22
- Revenue growth of 11%
- Proforma EBITDA[1] declined by 28%
- Cash growth by 50%

1 Proforma EBITDA is an alternative non-IFRS measure calculated as proforma revenue less expenses (variable compensation adjusted in line with pro-forma revenue) and other gains excluding interest, tax, depreciation, amortization and Impairment expenses. Proforma revenue is calculated as proforma subscription revenue plus other non-recurring revenue streams such as perpetual license fees, professional services, and one-time testing services. Proforma subscription revenue provides a view of underlying performance by restating term licence on a recurring subscription basis (i.e. over time) plus other recurring revenues such as maintenance fees and cloud services.

Challenges remain in increasing new product adoption and managing ongoing migration to cloud which continue to be key priorities for FY24. We continue to retain a strong balance sheet with no financial debt and improved cash balances compared to FY22.

In FY23 we amended the short-term incentive (STI) framework for the Chief Executive Officer and Managing Director (CEO and MD) to improve alignment with our strategy. The FY23 STI was subject to 100% financial performance measures with Proforma EBITDA targets introduced as a new measure. To provide sufficient focus and attention to deliver on key priorities for the year, targets were set for both half-year and full-year results combined with an amended vesting scale that would appropriately reward for outperformance against objectives. The STI outcome for the CEO and MD was 75% of target.

Performance Rights granted to the CEO and MD under the Company's 2019 long-term incentive (LTI) plan partially vested during the year (32% vesting). The LTI awards were tested in August 2022 based on Diluted Earnings Per Share (DEPS) hurdles for FY22. Additionally, 45,731 Sign-on Performance Rights granted in 2019 with a service only condition vested in August 2022.

We introduced a new LTI plan for executives in FY23. The new LTI is subject to challenging share price hurdles that are tested annually over the 3-year performance period with vesting in August 2025.

The Board made the decision in FY23 to award the CEO and MD with a one-off cash award. The Board assessed that the payment was required to ensure that the CEO and MD remained with the Company during a critical phase of the CFO transition and other leadership changes to ensure leadership continuity.

There were no changes to fixed remuneration for the CEO and MD and there will be no changes for FY24.

There were no changes to the level or structure of Non-Executive Director (NED) fees in FY23 and there will be no changes for FY24.

On behalf of the Board, we recommend this Report to you and welcome any feedback you may have.

Allan Brackin
Chair of the Nomination & Remuneration Committee

1. Persons included in the Remuneration Report

KMP, including Directors, have authority and responsibility for planning, directing and controlling the activities of the Company and the consolidated entity. The following were KMP of the Company at any time during the reporting period, and unless otherwise indicated were KMP for the entire period:

1.1. Executive KMP

As of the current year, the Nomination & Remuneration Committee (Committee) assessed the Executive KMP to include the following executive roles.

Executive KMP	Role	Appointed
John Ruthven	Chief Executive Officer and Managing Director	July 2019 as Chief Executive Officer September 2019 as Managing Director
Peter Adams	Chief Financial Officer	March 2008 (resigned August 2022)
Matthew Walton[1]	Chief Financial Officer	July 2022

Notes
1. Interim Appointment of CFO

1.2. Independent Non-Executive Directors

Directors	Role	Appointed
Peter Lloyd	Independent Non-Executive Director and Chairman	Director from July 2010 Chairman from March 2021
Cathy Aston	Independent Non-Executive Director	April 2022
Allan Brackin	Independent Non-Executive Director	February 2021
Anne Myers	Independent Non-Executive Director	July 2018
James Scott	Independent Non-Executive Director	May 2021

2. Executive remuneration

2.1. Remuneration framework

The remuneration framework set out below considers the capability and experience of the Executive KMP, their ability to control business performance, and the Company's performance.

	Fixed remuneration	Short-term incentive (STI)	Long-term incentive (LTI)
Purpose	To ensure that fixed remuneration is competitive in the marketplace to attract and retain executives.	To provide focus on annual objectives and align remuneration outcomes with achievement of key priorities.	To provide focus on long -term performance and align remuneration outcomes with the experience of shareholders.
Delivery	Base salary plus superannuation and any fringe benefits.	The STI is provided as an annual award paid in cash. Performance measures are set and assessed through a balanced scorecard that vary with the position. The target levels of performance set by the Board are challenging and driven by the annual budget and longer-term strategic plan.	The LTI is provided as either options or performance rights over ordinary shares of the Company that vest over 3 years subject to performance and service conditions. LTI awards are granted annually. The LTI performance measures set by the Board are aligned with value creation for shareholders.
Performance period	N/A	12 months	3 years

Remuneration Report (audited)

2.2. FY23 Short-term incentive (STI)

The FY23 STI framework is described below.

Feature	Description
Participants	Executive KMP and senior leaders
Award basis	The Committee is responsible for setting performance measures for the CEO and MD, and for approving the measures for the other executives who report to the CEO and MD. The performance measures for executives generally include key metrics relating to the Company and the individual, and include financial, people, customer and strategy. The measures are chosen as they directly align the individual executive's reward to the key metrics of the Company and its strategy and performance. At the end of the performance period the Committee assesses the actual performance against the targets set at the beginning of the financial year. A percentage of the predetermined target opportunity for each performance measure is awarded depending on results. The Committee recommends the award to be paid for approval by the Board. STI awards are paid in cash.
Performance measures	Performance measures are set and assessed through a balanced scorecard that vary with the position. The target levels of performance set by the Board are challenging and driven by the annual budget and longer-term strategic plan. Performance measures may include financial and non-financial measures. The performance measures in FY23 were: – Total Contract Value (TCV) – Proforma EBITDA – Cashflow
Performance period	Performance is measured over the financial year. To provide executives additional focus and attention to deliver on key priorities for FY23, the Committee set targets for both half-year (H1) and full-year results for each performance measure.
Scorecard operation	Each performance measure in scorecards has a vesting scale with threshold requirements set at 90% of target, at which 90% of the target opportunity is attained. Outcomes below threshold requirements result in nil payments, subject to Board discretion. Outcomes above threshold are paid on a pro-rata linear basis at an uncapped effective rate. Any overachievement payments are subject to achievement of full-year targets. No overachievement payments are paid at H1.
Gateway	The following gateway requirements applied in FY23: – 100% of the Proforma EBITDA target and 100% of the Cashflow target must be met for any overachievement payment for the TCV measure, subject to Board discretion. – 100% of the TCV target must be met for any overachievement payment for the Proforma EBITDA measure and the Cashflow measure, subject to Board discretion.
Payment timing	Awards are paid following assessment of the performance measures after H1 results and full-year results.
Treatment on termination	Unvested STI awards are forfeited on termination of employment.

2.3. FY23 Long-term incentive (LTI)

The FY23 LTI framework is described below.

Feature	Description
Participants	Executive KMP and senior leaders
Payment vehicle	Performance Rights which are rights to acquire ordinary shares in the Company for nil consideration subject to achievement of vesting conditions.
Dividend and voting entitlements	Performance Rights do not entitle participants to any dividends or voting rights.
Award basis	The number of Performance Rights granted to participants is calculated by dividing the face value of the LTI opportunity for FY23 by the Company's 10-day VWAP to 31 August 2022. The 10-day VWAP on that date was $0.50. Performance Rights are granted in three equal tranches.
Vesting period	Performance Rights vest on 31 August 2025 (Vesting Date) subject to achievement of service conditions and performance conditions set out below. Performance Rights that vest are automatically exercised for shares.
Performance conditions	Vesting of Performance Rights in each tranche is subject to achievement of share price hurdles set out below. Tranche 1 Testing in 2023: Where the 10-day VWAP immediately prior to and including 31 August 2023 is equal to or greater than A$0.80, 100% of Tranche 1 Performance Rights will vest. Tranche 1 Performance Rights which do not meet the Performance Condition of A$0.80 on 31 August 2023 may be carried forward for retesting against (i) the Tranche 2 Performance Condition of A$1.20 on 31 August 2024, or (ii) the Tranche 3 Performance Condition of A$1.60 on 31 August 2025. There is no retesting of Performance Rights after the Vesting Date. Tranche 2 Testing in 2024: Where the 10-day VWAP immediately prior to and including 31 August 2024 is equal to or greater than A$1.20, 100% of Tranche 2 Performance Rights will vest. Tranche 2 Performance Rights which do not meet the Performance Condition of A$1.20 on 31 August 2024 may be carried forward for retesting against the Tranche 3 Performance Condition of A$1.60 on 31 August 2025. There is no retesting of Performance Rights after the Vesting Date. Tranche 3 Testing in 2025: Where the 10-day VWAP immediately prior to and including 31 August 2025 is equal to or greater than A$1.60, 100% of Tranche 3 Performance Rights will vest. Tranche 3 Performance Rights which do not meet the Performance Condition of A$1.60 on 31 August 2025 will lapse. Similarly, any Tranche 1 or Tranche 2 Performance Rights which have been carried forward for retesting against the Tranche 3 Performance Condition of A$1.60 on 31 August 2025 will also lapse. There is no retesting of Performance Rights after the Vesting Date.
Treatment on termination	Unvested Performance Rights are forfeited on cessation of employment, unless the Performance Rights have met the performance conditions and employment is terminated due to death, disability, or redundancy.
Change of control	In the event of a takeover or other change of control, any unvested Performance Rights will vest at the discretion of the Board.

Remuneration Report (audited)

Feature	Description
Malus and clawback	The awards are subject to malus considerations by the Board and in relation to serious and material matters may be subject to a reduction or adjustment prior to exercise or clawback. In the event of fraud, dishonesty or breach of obligations (including legal and statutory non-compliance), the Board may take any actions to ensure that no unfair benefit is obtained.

2.4. FY23 executive remuneration opportunity

(AUD)	CEO and Managing Director	CFO
Fixed remuneration	$583,000	$500,000
STI opportunity (at target)[1]	$265,000	–
LTI opportunity (face value)	$350,000	–

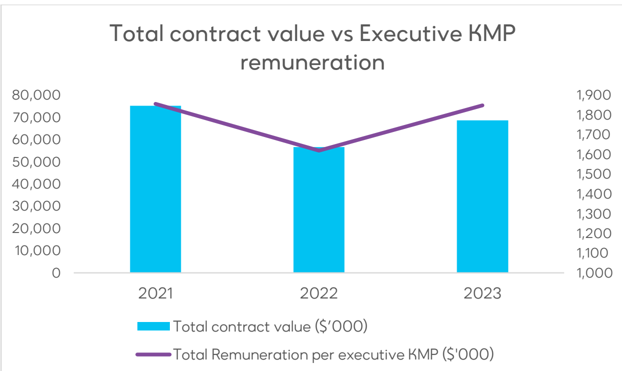
Notes
1. The STI opportunity is uncapped for stretch outcomes above target. In addition to the STI opportunity the CEO and MD was awarded a one-off cash payment of $200,000 for FY23.

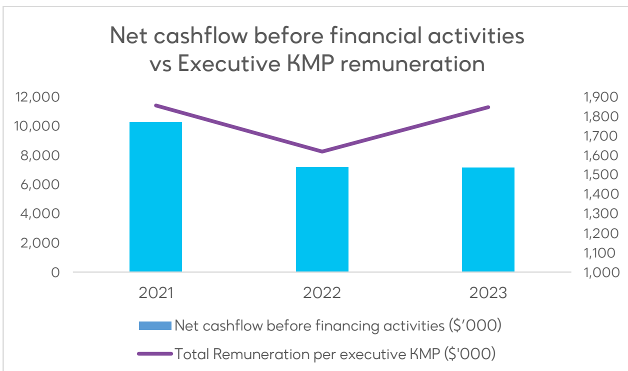
3. Company performance and remuneration outcomes

In considering the Company's performance and benefits for shareholder wealth, the Committee has regard to the following indices in respect of the current financial year and the previous three financial years:

Three-year selected financial indices of the Company

	2023	2022	2021
Total contract value ($'000)	**68,499**	56,650	75,061
Net cashflow before financing activities ($'000)	**7,162**	7,191	10,274
Proforma EBITDA ($'000)	**17,575**	24,494	26,608
Dividends paid ($'000)	**–**	–	6,447
Closing share price	**$0.39**	$0.42	$1.95
Change in share price	**($0.03)**	($1.53)	($1.90)
Proforma EBITDA (decline)/growth %	**(28%)**	(8%)	(49%)
Executive KMP remuneration (decline)/growth %	**(4%)**	(13%)	(19%)





Two of the financial indices shown in the tables above are Total Contract Value (TCV) and Cashflow. The Committee considers these two financial performance metrics as Key Performance Indicators (KPIs) in setting the STI element of the KMP remuneration package. The above charts show that the Executive KMP's remuneration framework has decreased in the current year which is aligned with overall Company performance. The Committee considers that the above performance-linked structure is generating the desired outcomes.

3.1. STI outcomes

The CEO and MD's FY23 performance measures and outcomes are summarised below.

Performance measure	Weight	Target	Achieved % of target
Total Contract Value	50%	FY: $77.2m	89%
Proforma EBITDA	25%	FY: $16.5m	107%
Cashflow	25%	FY: $ 3.7m	195%

3.2. LTI outcomes

Performance Rights granted under the Company's 2019 long-term incentive (LTI) plan partially vested during the year (32% vesting). The LTI awards were tested in August 2022 based on Diluted Earnings Per Share (DEPS) hurdles for FY22. Additionally, 45,731 Sign-on Performance Rights granted to the CEO and MD in 2019 with a service only condition vested in August 2022.

3.3. Actual remuneration received in FY23

The table below reflects the actual remuneration received by the Executive KMP for the financial year ended 30 June 2023. The values presented below may differ from statutory remuneration. The statutory disclosures are prepared on an accruals basis, in accordance with the Australian Accounting Standards, including share-based payments valuation and accounting, which may not always represent what the Executive KMP have received, as some share based payments may not manifest if certain conditions are not met.

(AUD)	Fixed remuneration	STI	Other cash award[1]	LTI[2]	Actual total pay received
John Ruthven	$583,000	$198,800	$200,000	$228,203	$1,210,003
Matthew Walton	$440,222	–	–	–	$440,222
Peter Adams	$62,563	–	–	$123,566	$186,129

Notes
1. One-off cash award received or receivable for the financial year ended 30 June 2023.
2. Based on the value of vested performance rights at the vesting date in August 2022.

3.4. Executive service agreements

The main terms of service agreements for Executive KMP as at 30 June 2023 are set out below.

Basis of contract	CEO and Managing Director	CFO
Contract term	No specified end date	No specified end date
Notice period	6 months by either party	1 month by either party
Termination payment	6 months fixed remuneration	Not applicable
Treatment of STI on termination	Forfeited	Not applicable
Treatment of LTI on termination	All unvested LTIs are forfeited	Not applicable

Remuneration Report (audited)

4. Non-executive Director remuneration

4.1. Board and Committee Structure

The Board and Committees are structured as follows:

	Director	Board	Audit & Risk Committee	Nomination & Remuneration Committee	Technology & Innovation Committee
Non-Executive & Independent Directors	Peter Lloyd	✓ (Chair)	✓	✓	✓
	Cathy Aston	✓	✓ (Chair)		
	Allan Brackin	✓	✓	✓ (Chair)	
	Anne Myers	✓			✓ (Chair)
	James Scott	✓		✓	✓
Executive Director	John Ruthven	✓			

4.2. Non-Executive Director fees

Directors' fees cover all main Board activities and committee membership. Directors can elect to salary sacrifice their fees into superannuation. Non-executive Directors do not receive performance-related compensation or retirement benefits. The total remuneration pool for all Non-executive Directors is not to exceed $850,000 per annum, which the Shareholders last voted upon at the Annual General Meeting in November 2020.

Non-executive Director fees

Board/Committee	Position	Per Position	Aggregate
Board	Fee for a Member	$90,000	$450,000
Board	Fee for role as Chair	$90,000	$90,000
Audit & Risk Committee	Fee for role as Chair	$10,000	$10,000
Nomination & Remuneration Committee	Fee for role as Chair	$10,000	$10,000
Technology & Innovation Committee	Fee for role as Chair	$10,000	$10,000
Total fees for Non-executive Directors			**$570,000**

5. Statutory remuneration

5.1. Directors' and Executive KMP's remuneration

Details of the nature and amount of each major element of the remuneration of each of the KMP are reported below.

	Short term			Post-employment	Long term	Share-based payments	Other compensation		Proportion of remuneration	
For the year ended 30 June 2023 (in AUD)	Salary & fees $	Bonus $	Non-cash benefits $	Superannuation Contribution $	Long service leave $	Value of instruments $	Termination Benefit $	Total $	Performance-related	Value of rights
Executive KMP										
Matthew Walton	**417,037**	**–**	**–**	**23,185**	**–**	**–**	**–**	**440,222**	**0%**	**0%**
Peter Adams	**56,618**	**–**	**–**	**5,945**	**–**	**123,566**	**–**	**186,129**	**0%**	**66%**
Directors										
Executive										
John Ruthven	**557,708**	**398,800**	**–**	**25,292**	**10,228**	**228,203**	**–**	**1,220,231**	**33%**	**19%**
Non-executive										
Peter Lloyd	**162,896**	**–**	**–**	**17,104**	**–**	**–**	**–**	**180,000**	**0%**	**0%**
Cathy Aston	**90,498**	**–**	**–**	**9,502**	**–**	**–**	**–**	**100,000**	**0%**	**0%**
Allan Brackin	**90,498**	**–**	**–**	**9,502**	**–**	**–**	**–**	**100,000**	**0%**	**0%**
Anne Myers	**90,498**	**–**	**–**	**9,502**	**–**	**–**	**–**	**100,000**	**0%**	**0%**
James Scott	**81,448**	**–**	**–**	**8,552**	**–**	**–**	**–**	**90,000**	**0%**	**0%**
Total compensation	**1,547,201**	**398,800**	**–**	**108,584**	**10,228**	**351,769**	**–**	**2,416,582**		

Notes

1. The estimated value of performance rights and options are calculated at the date of grant using the Black Scholes, Binomial or Monte Carlo methodology.

Details of the nature and amount of each major element of the remuneration of each of the KMP are reported below.

	Short term			Post-employment	Long term	Share-based payments	Other compensation		Proportion of remuneration	
For the year ended 30 June 2022 (in AUD)	Salary & fees $	Bonus $	Non-cash benefits $	Superannuation Contribution $	Long service leave $	Value of instruments $	Termination Benefit $	Total $	Performance-related	Value of rights
Executive KMP										
Peter Adams	341,432	73,750	–	23,568	7,315	134,320	–	580,385	13%	23%
Directors										
Executive										
John Ruthven	559,432	111,300	–	23,568	11,576	332,175	–	1,038,051	11%	32%
Non-executive										
Peter Lloyd	193,530	–	–	19,353	–	–	–	212,883	0%	0%
Cathy Aston	19,481	–	–	1,948	–	–	–	21,429	0%	0%
Allan Brackin	90,909	–	–	9,091	–	–	–	100,000	0%	0%
Garry Dinnie	30,303	–	–	3,030	–	–	–	33,333	0%	0%
Anne Myers	94,593	–	–	9,459	–	–	–	104,052	0%	0%
James Scott	81,818	–	–	8,182	–	–	–	90,000	0%	0%
Total compensation	1,411,498	185,050	–	98,199	18,891	466,495	–	2,180,133		

1. The estimated value of performance rights and options are calculated at the date of grant using the Black Scholes, Binomial or Monte Carlo methodology.
2. Peter Lloyd received $17,117 for agreeing to be Chair of the Board in 2021 with a further $32,883 paid in 2022. No other Director appointed during the year received a payment for agreeing to hold the position.

Remuneration Report (audited)

6. Additional statutory disclosures

6.1. Equity Instruments

All options refer to options over ordinary shares of Integrated Research Limited, which are exercisable on a one-for-one basis under the Employee Share Option Plan (ESOP). No performance rights or options have been granted to named executives either during or since the end of the financial year. Performance rights and options granted as compensation are listed in the table below.

6.2. Analysis of performance rights and options over equity instruments granted as compensation

	Rights granted			Value yet to vest or value vested ($)				
	Number	Date	Fair value per share ($)	Percent vested in year	Percent forfeited in year (A)	Financial year in which grant expires	Min (B)	Max (C)
Performance Rights								
John Ruthven	106,707	Nov-19	2.87	32%	68%	2023	nil	97,184
	45,731	Nov-19	2.87	100%	–	2023	nil	131,019
	31,789	Nov-20	1.07	–	–	2024	nil	33,982
	31,789	Nov-20	1.51	–	–	2024	nil	47,874
	31,790	Nov-20	1.80	–	–	2024	nil	57,222
	700,000	Oct-22	0.09 - 0.06	–	–	2025	nil	52,033
Peter Adams*	40,000	Aug-19	2.48	100%	–	2023	nil	99,200
	27,515	Sep-19	2.80	32%	68%	2023	nil	24,450
Options								
John Ruthven	655,809	Nov-21	0.37	33%	–	2026	nil	245,273
Peter Adams*	220,960	Nov-21	0.37	–	100%	2026	nil	–

Notes:

(A) The percentage forfeited in the year represents the reduction from the maximum number of performance rights or options available to vest due to the performance hurdles not being achieved or due to the resignation of the executive.

(B) The minimum value of performance rights or options yet to vest is $nil as the executives may not achieve the required performance hurdles or may terminate their employment prior to vesting.

(C) The maximum values presented above are based on the values calculated using the Black Scholes, Binomial or Monte Carlo methodology as applied in estimating the value of performance rights and options for employee benefit expense purposes.

* Resigned in August 2022.

6.3. Performance rights and options over equity instruments granted as compensation

The movement during the reporting year in the number of performance rights and options over ordinary shares in the Company held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

For the year ended 30 June 2023	Held at 1 July 2022	Granted as compensation	Exercised	Other changes[1]	Held at 30 June 2023	Vested during the year	Vested and exercised at 30 June 2023
Performance Rights							
Peter Adams*	**67,515**	**–**	**(48,732)**	**(18,783)**	**–**	**48,732**	**48,732**
John Ruthven	**247,806**	**700,000**	**(79,593)**	**(72,845)**	**795,368**	**79,593**	**79,593**
Options							
Peter Adams*	**220,960**	**–**	**–**	**(220,960)**	**–**	**–**	**–**
John Ruthven	**655,809**	**–**	**–**	**–**	**655,809**	**218,603**	**–**

1. Other changes represent performance rights that expired or were forfeited during the year

* Resigned in August 2022. Performance rights and options expire on the earlier of their expiry date or termination of the individual's employment.

For the year ended 30 June 2022	Held at 1 July 2021	Granted as compensation	Exercised	Other changes	Held at 30 June 2022	Vested during the year	Vested and exercised at 30 June 2022
Performance Rights							
Peter Adams	157,503	–	(89,988)	–	67,515	89,988	89,988
John Ruthven	247,806	–	–	–	247,806	–	–
Options							
Peter Adams	–	220,960	–	–	220,960	–	–
John Ruthven	–	655,809	–	–	655,809	–	–

Performance rights and options expire on the earlier of their expiry date or termination of the individual's employment.

6.4. Movement in shares

The movement during the reporting period in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

For the year ended 30 June 2023	Held at 1 July 2022	Purchases	Received on exercise of performance rights	Other changes	Sales	Held at 30 June 2023
Executive KMP						
Peter Adams*	**70,000**	**–**	**48,732**	**–**	**–**	**118,732**
Directors						
Executive						
John Ruthven	**20,000**	**–**	**79,593**	**–**	**–**	**99,593**
Non-executive						
Peter Lloyd	**51,263**	**–**	**–**	**–**	**–**	**51,263**
Cathy Aston	**–**	**37,500**	**–**	**–**	**–**	**37,500**
Allan Brackin	**150,000**	**–**	**–**	**–**	**–**	**150,000**
Anne Myers	**21,500**	**–**	**–**	**–**	**–**	**21,500**
James Scott	**24,588**	**50,000**	**–**	**–**	**–**	**74,588**

* 'Held 30 June 2023' value represents holding on last day as Key Management Personnel.

For the year ended 30 June 2022	Held at 1 July 2021	Purchases	Received on exercise of performance rights	Other changes	Sales	Held at 30 June 2022
Executive KMP						
Peter Adams	15,000	–	89,988	–	(34,988)	70,000
Directors						
Executive						
John Ruthven	20,000	–	–	–	–	20,000
Non-executive						
Peter Lloyd	27,000	24,263	–	–	–	51,263
Cathy Aston	–	–	–	–	–	–
Allan Brackin	50,000	100,000	–	–	–	150,000
Anne Myers	17,000	4,500	–	–	–	21,500
James Scott	–	24,588	–	–	–	24,588
Garry Dinnie*	14,000	–	–	–	–	14,000

* 'Held 30 June 2022' value represents holding on last day as Key Management Personnel.

Shareholdings at the date of the Directors' Report for existing Key Management Personnel remain unchanged.

Remuneration Report (audited)

6.5. Other Transactions with KMP

Apart from the details disclosed in this note, no Director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end. There were no other transactions between the KMP, or their personally related entities, and the Company.

7. About this report

7.1. Basis for preparation of 2023 remuneration report

The information in this Remuneration Report has been prepared based on the requirements of the *Corporations Act 2001* and applicable accounting standards. The Remuneration Report is designed to provide shareholders with a clear and detailed understanding of the Company's remuneration framework, and the link between our remuneration policies and Company performance. The Remuneration Report details the remuneration framework for the Company's KMP. This report has been audited.

7.2. Remuneration Governance

The Committee is responsible for developing the remuneration framework for IR's Executives and making recommendations related to remuneration to the Board. The Committee develops the remuneration philosophy and policies for Board approval.

The responsibilities of the Committee are outlined in their Charter, which is reviewed annually by the Board. The key responsibilities of the Committee include:

- Advising the Board on IR's policy for Executive and Director remuneration
- Making recommendations to the Board on the remuneration arrangements for Executives and Directors to ensure they are aligned with IR's vision and are set competitively to the market
- Approving KMP terms of employment

In making recommendations to the Board, the Committee reviews the appropriateness of the nature and amount of remuneration to Executives and Non-executive Directors on an annual basis. In carrying out its duties, the Committee can engage external advisors who are independent of management.

Corporate Governance Statement

This statement outlines the main corporate governance practices that were in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

Board of Directors and its Committees

Role of the Board

The Board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the Board is responsible for the overall corporate governance of the consolidated entity including evaluating and approving its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for Directors and senior executives, establishing and monitoring the achievement of management goals and assessing the integrity of internal control and management information systems. It is also responsible for approving and monitoring financial and other reporting.

Board process

To assist in the execution of its responsibilities, the Board has established a number of Board committees including a Nomination and Remuneration Committee, an Audit and Risk Committee and a Technology and Innovation Committee. These committees have written mandates and operating procedures, which are reviewed on a regular basis. The Board has also established a framework for the management of the consolidated entity including Board-endorsed policies, a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds twelve scheduled meetings each year and any extraordinary meetings at such other times as may be necessary to address any specific matters that may arise.

The agenda for its meetings is prepared in conjunction with the Chairman, Chief Executive Officer and Company Secretary. Standing items include strategic matters for discussion, the CEO's report, financial reports, key performance indicator reports and presentations by key executives and external industry experts. Board papers are circulated in advance. Directors have other opportunities, including visits to operations, for contact with a wider group of employees.

Director education

The consolidated entity follows an induction process to educate new Directors about the nature of the business, current issues, the corporate strategy and expectations of the consolidated entity concerning performance of Directors. In addition executives make regular presentations to the Board to ensure its familiarity with operational matters. Directors are expected to access external continuing education opportunities to update and enhance their skills and knowledge.

Independent advice and access to company information

Each Director has the right of access to all relevant company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice from a suitably qualified adviser at the Company's expense. A copy of the advice received by the Director is made available to all other members of the Board.

Composition of the Board

The names of the Directors of the Company in office at the date of this report are set out on pages 14 to 15 of this report. Director profiles are also provided on the company's website: www.ir.com.

The Company's constitution provides for the Board to consist of between three and twelve members. At 30 June 2023 the Board members were comprised as follows:

- Mr Peter Lloyd – Independent Non-Executive Director (Chairman)
- Mr John Ruthven – Chief Executive Officer and Managing Director
- Mr Allan Brackin – Independent Non-Executive Director
- Ms Anne Myers – Independent Non-Executive Director
- Mr James Scott – Independent Non-Executive Director
- Ms Cathy Aston – Independent Non-Executive Director

At each Annual General Meeting one-third of Directors, any Director who has held office for three years, and any Director appointed by Directors in the preceding year must retire, then being eligible for re-election. The CEO is not required to retire by rotation.

Corporate Governance Statement

The composition of the Board is reviewed on a regular basis to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists and where the Board considers that it would benefit from the services of a new Director with particular skills, the Nomination and Remuneration Committee, in conjunction with the Board, determines the skills deemed necessary for the Board to best carry out its responsibilities. Any appointed candidate must stand for election at the next general meeting of shareholders.

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee has a documented charter, approved by the Board. The Nomination and Remuneration Committee is a committee of the Board of Directors and is empowered by the Board to assist it in fulfilling its duties to shareholders and other stakeholders. In general, the committee has responsibility to: 1) ensure the Company has appropriate remuneration policies designed to meet the needs of the Company and to enhance corporate and individual performance and 2) review Board performance, select and recommend new Directors to the Board and implement actions for the retirement and re-election of Directors. The Nomination and Remuneration Committee Charter may be viewed on the Company's website: www.ir.com.

Responsibilities Regarding Remuneration

The Committee reviews and makes recommendations to the Board on:

- The appointment, remuneration, performance objectives and evaluation of the CEO.
- The remuneration packages for senior executives.
- The Company's recruitment, retention and termination policies and procedures for senior executives.
- Executive remuneration and incentive policies.
- Policies on employee incentive plans, including equity incentive plans.
- Superannuation arrangements.
- The remuneration framework and policy for non-executive Directors.
- Remuneration levels are competitively set to attract and retain the most qualified and experienced Directors and senior executives. The Remuneration Committee obtains independent advice on the appropriateness of remuneration packages, given trends in comparative companies and industry surveys. Remuneration packages include a mix of fixed remuneration, performance-based remuneration and equity-based remuneration.

Responsibilities Regarding Nomination

The Committee develops and makes recommendations to the Board on:

- The CEO and senior executive succession planning.
- The range of skills, experience and expertise needed on the Board and the identification of the particular skills, experience and expertise that will best complement Board effectiveness.
- A plan for identifying, reviewing, assessing and enhancing Director competencies.
- Board succession plans to maintain a balance of skills, experience and expertise on the Board.
- Evaluation of the Board's performance.
- Appointment and removal of Directors.
- Appropriate composition of committees.

The terms and conditions of the appointment of non-executive Directors are set out in a letter of appointment, including expectations for attendance and preparation for all Board meetings, expected time commitments, procedures when dealing with conflicts of interest, and the availability of independent professional advice.

The performance review of the CEO and the Board was undertaken in the reporting period identifying both strengths and development actions. The performance review of other senior management was conducted by the CEO in the reporting period.

The members of the Nomination and Remuneration Committee during the year were:

- Mr Allan Brackin – Independent Non-Executive Director (Chair)
- Mr James Scott – Independent Non-Executive Director
- Mr Peter Lloyd – Independent Non-Executive Director

A matrix of skills and diversity of the Board as required by the ASX corporate governance recommendations is available on the Company's website at www.ir.com.

The Nomination and Remuneration Committee meets at least twice a year and as required. The Committee met six times during the year under review.

Audit and Risk Committee

The Audit and Risk Committee has a documented charter, approved by the Board. The charter states that all members must be non-executive Directors with a majority being independent. The chairman may not be the chairman of the Board. The committee advises on the establishment and maintenance of a framework of risk management and internal control of the consolidated entity.

The members of the Audit and Risk Committee during the year were:

- Ms Cathy Aston – Independent Non-Executive Director (Chair)
- Mr Peter Lloyd – Independent Non-Executive Director
- Mr Allan Brackin – Independent Non-Executive Director

During the year, the Audit and Risk Committee provided the Board with updates to the Company's risk management register (with the Board approving this document).

The external auditor, Chief Executive Officer and Chief Financial Officer are invited to Audit and Risk Committee meetings at the discretion of the committee. The committee met four times during the year and committee members' attendance record is disclosed in the table of Directors' meetings on page 17.

The external auditor met with the Audit and Risk Committee/Board three times during the year, two of which included time without the presence of executive management. The Chief Executive Officer and the Chief Financial Officer declared in writing to the Board that the Company's financial reports for the year ended 30 June 2023 comply with accounting standards and present a true and fair view, in all material respects, of the Company's financial condition and operational results.

The main responsibilities of the Audit and Risk Committee as set out in the charter include:

- Serve as an independent party to monitor the financial reporting process and internal control systems.
- Review the performance and independence of the external auditors and make recommendations to the Board regarding the appointment or termination of the auditors.
- Review the scope and cost of the annual audit, negotiating and recommending the fee for the annual audit to the Board.
- Review the external auditor's management letter and responses by management.
- Provide an avenue of communication between the auditors, management and the Board.
- Monitor compliance with all financial statutory requirements and regulations.
- Review financial reports and other financial information distributed to shareholders so that they provide an accurate reflection of the financial health of the Company.
- Monitor corporate risk management and assessment processes, and the identification and management of strategic and operational risks.
- Enquire of the auditors of any difficulties encountered during the audit, including any restrictions on the scope of their work, access to information or changes to the planned scope of the audit.

The Audit and Risk Committee reviews the performance of the external auditors on an annual basis and normally meets with them during the year as follows:

- To discuss the external audit plans, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the Financial Report and to review the fees proposed for the audit work to be performed.

Prior to announcement of results:

- To review the half-year and preliminary final report prior to lodgement with the ASX, and any significant adjustments required as a result of the auditor's findings.
- To recommend the Board approval of these documents.
- Review the results and findings of the auditor, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made.

To finalise half-year and annual reporting:

- Review the draft financial report and recommend Board approval of the financial report.
- As required, to organise, review and report on any special reviews or investigations deemed necessary by the Board.

Corporate Governance Statement

Technology and Innovation Committee

The Technology and Innovation Committee has a documented charter, approved by the Board and is responsible for reviewing strategy and recommending strategies to the Board to enhance the Company's long-term performance. The Board appoints a member of the committee to be chairman.

The members of the Technology and Innovation Committee during the year were:

- Ms Anne Myers – Independent Non-Executive Director (Chair)
- Mr Peter Lloyd – Independent Non-Executive Director
- Mr James Scott– Independent Non-Executive Director

The Technology and Innovation Committee is responsible for:

- Reviewing and assisting in defining current strategy.
- Assessing new strategic opportunities, including M&A proposals and intellectual property developments or acquisitions.
- Staying close to the business challenges and monitor operational implementation of strategic plans.
- Endorsing strategy and business cases for consideration by the full Board.

The Committee met four times during the year under review.

Risk Management

Under the Audit and Risk Charter, the Audit and Risk Committee reviews the status of business risks to the consolidated entity through integrated risk management programs ensuring risks are identified, assessed and appropriately managed and communicated to the Board. The risk framework is reviewed annually to ensure risks are managed within the risk appetite set by the Board. Major business risks arise from such matters as actions by competitors, government policy changes and the impact of exchange rate movements. The Audit and Risk Committee Charter may be viewed on the Company's website: www.ir.com.

Comprehensive policies and procedures are established such that:

- Capital expenditure above a certain threshold requires Board approval.
- Financial exposures are controlled, including the use of derivative instruments.
- Risks are identified and managed, including internal audits, privacy, insurances, business continuity and compliance.
- Business transactions are properly authorised and executed.

The Chief Executive Officer and the Chief Financial Officer have declared, in writing to the Board that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

Internal control framework

The Board is responsible for the overall internal control framework and recognises that no cost effective internal control system will preclude all errors and irregularities. The Board has instigated the following internal control framework:

- Financial reporting – Monthly actual results are reported against budgets approved by the Directors and revised forecasts for the year are prepared monthly.
- Continuous disclosure – Identify matters that may have a material effect on the price of the Company's securities, notify them to the ASX and post them to the Company's website.
- Quality and integrity of personnel – Formal appraisals are conducted at least annually for all employees.
- Investment appraisals – Guidelines for capital expenditure include annual budgets, detailed appraisal and review procedures and levels of authority.

Internal audit

The Company does not have an internal audit function but utilizes its financial resources as needed to assist the Board in ensuring compliance with internal controls. Additionally, the Company leverages external resources for ad hoc reviews in relation to the Company's internal controls.

Material exposure to economic, environmental and social sustainability risks

Exposure to economic, environment and social sustainability risks for the Company are routinely examined through the risk management framework, overseen by the Audit and Risk Committee. The Company considers risk in the conduct of its operations and outlines exposure to specific economics and operating risk in the notes to the Financial Report. There was no material exposure to environmental or social sustainability risks during the period.

Environmental, Social and Governance

During FY2023 the Company formed an Environmental, Social and Governance (ESG) Steering Committee comprised of select members of the Company's Management along with a delegated Board Sponsor, along with adopting an ESG Committee Charter. The overarching purpose of the ESG Committee is to assist the Company and the Board in fulfilling their oversight responsibilities with regard to ESG matters, including but not limited to environmental, health and safety, corporate social responsibility, energy and natural resources conservation, sustainability, corporate governance, diversity, equity and inclusion, human rights and other ESG issues that are relevant and material to the Company.

Ethical standards

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity. Every employee has a nominated supervisor to whom they may refer any issues arising from their employment.

Conflict of interest

Each Director must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board considers that a significant conflict exists the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered. The Board has developed procedures to assist Directors to disclose potential conflicts of interest. Details of Director related entity transactions with the consolidated entity are set out in Remuneration report pages 20 to 30.

Code of Conduct

The consolidated entity has advised each Director, manager and employee that they must comply with the Code of Conduct. The code aligns behaviour of the Board and management with the code of conduct by maintaining appropriate core values and objectives. The Code of Conduct may be viewed on the Company's website and includes:

- Responsibility to the community and fellow employees to act with honesty and integrity, and without prejudice.
- Compliance with laws and regulations in all areas where the Company operates, including employment opportunity, occupational health and safety, trade practices, fair dealing, privacy, drugs and alcohol, and the environment.
- Dealing honestly with customers, suppliers and consultants.
- Ensuring reports and other information are accurate and timely.
- Proper use of Company resources, avoidance of conflicts of interest and use of confidential or proprietary information.

Equal Employment Opportunity

The Company has a policy on Equal Employment Opportunity with the provision that commits to a workplace that is free of discrimination of all types. It is Company policy to hire, develop and promote individuals solely on the basis of merit and their ability to perform without prejudice to race, colour, creed, national origin, religion, gender, age, disability, sexual orientation, marital status, membership or non-membership of a trade union, status of employment (whether full or part-time) or any other factors prohibited by law. Additionally, during FY23 the Company adopted a Diversity Policy which may be viewed on the Company's website: www.ir.com.

Corporate Governance Statement

Trading in company securities by Directors and employees

Directors and employees may acquire shares in the Company, but are prohibited from dealing in Company shares whilst in possession of price sensitive information, and except in the periods:

- From 24 hours to 56 days after the release of the Company's half-yearly results announcement.
- From 24 hours to 56 days after release of the Company's annual results announcement.
- Directors must obtain the approval of the Chairman of the Board and notify the Company Secretary before they buy or sell shares in the company, subject to Board veto. The company advises the ASX of any transactions conducted by Directors in shares in the Company. The Company's Trading in Securities policy may be viewed on the Company's website: www.ir.com.

Participants in the Company's Performance Rights and Options program are specifically prohibited to hedge the exposure to the Integrated Research share price during the vesting period in respect of the unvested performance rights or options. For the purposes of this policy, hedging includes the entry into any transaction, arrangement or financial product which operates to limit the economic risk of a security holding In the Company and includes financial instruments such as equity swaps and contracts for differences.

Communication with shareholders

The Board provides shareholders with information using a comprehensive continuous disclosure policy which includes identifying matters that may have a material effect on the price of the company's securities, notifying them to the ASX, posting them on the Company's website (www.ir.com), and issuing media releases. Disclosures under this policy are in addition to the periodic and other disclosures required under the ASX Listing Rules and the Corporations Act. More details of the policy are available on the Company's website.

The Chief Executive Officer and the Chief Financial Officer are responsible for interpreting the Company's policy and where necessary informing the Board. The Company Secretary is responsible for all communication with the ASX.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entity's strategy and goals. Important issues are presented to the shareholders as single resolutions. The external auditor is requested to attend the Annual General Meetings to answer any questions concerning the audit and the content of the auditor's report.

The shareholders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares to Directors, the Remuneration Report and changes to the Constitution. Copies of the Constitution are available to any shareholder who requests it.

Financial Report

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2023

In thousands of AUD	Notes	Consolidated 2023	2022
Revenue from contracts with customers			
Licence fees		**45,559**	35,495
Maintenance fees		**14,737**	15,236
Subscription fees		**2,533**	1,256
Testing solution services		**3,333**	3,826
Professional services		**3,666**	7,054
Total revenue	3	**69,828**	62,867
Expenditure			
Product and technology expenses		**(23,695)**	(22,767)
Sales, professional services and marketing expenses		**(40,892)**	(41,136)
General and administration expenses		**(6,312)**	(6,241)
Impairment expenses		**(31,778)**	–
Total expenditure	4	**(102,677)**	(70,144)
Other gains	5	**1,377**	3,008
Loss before finance income and tax		**(31,472)**	(4,269)
Finance income	6	**2,175**	1,824
Loss before tax		**(29,297)**	(2,445)
Income tax benefit	8	**71**	3,990
(Loss)/Profit for the year		**(29,226)**	1,545
Other comprehensive income			
Items that may be reclassified subsequently to profit			
Foreign exchange translation differences		**1,229**	1,307
Other comprehensive income		**1,229**	1,307
Total comprehensive income for the year		**(27,997)**	2,852
(Loss)/Profit attributable to:			
Members of Integrated Research		**(29,226)**	1,545
Total comprehensive income attributable to:			
Members of Integrated Research		**(27,997)**	2,852
Earnings per share attributable to members of Integrated Research:			
Basic (loss)/earnings per share (AUD cents)	9	**(16.90)**	0.90
Diluted (loss)/earnings per share (AUD cents)	9	**(16.90)**	0.89

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the Financial Report set out on pages 42 to 68.

Consolidated Statement of Financial Position

as at 30 June 2023

In thousands of AUD	Notes	Consolidated 2023	Consolidated 2022
Current assets			
Cash and cash equivalents	10	**18,553**	12,329
Trade and other receivables	11	**40,913**	46,812
Current tax assets		**127**	564
Other current assets	12	**3,457**	3,657
Total current assets		**63,050**	63,362
Non-current assets			
Trade and other receivables	11	**22,540**	21,995
Other financial assets	13	**1,400**	244
Property, plant and equipment	14	**–**	744
Right-of-use assets	21	**–**	4,407
Deferred tax assets	15	**1,509**	1,333
Intangible assets	16	**–**	31,309
Other non-current assets	12	**1,213**	1,050
Total non-current assets		**26,662**	61,082
Total assets		**89,712**	124,444
Current liabilities			
Trade and other payables	18	**7,901**	10,131
Provisions	20	**3,451**	3,650
Income tax liabilities		**415**	–
Deferred revenue		**13,862**	14,121
Lease liabilities	21	**1,582**	1,710
Other financial liabilities	22	**–**	654
Total current liabilities		**27,211**	30,266
Non-current liabilities			
Deferred tax liabilities	15	**–**	2,487
Provisions	20	**935**	905
Deferred revenue		**220**	504
Lease liabilities	21	**1,470**	3,161
Other non-current financial liabilities	22	**2**	8
Total non-current liabilities		**2,627**	7,065
Total liabilities		**29,838**	37,331
Net assets		**59,874**	87,113
Equity			
Share capital	23	**1,667**	1,667
Reserves	23	**8,624**	6,637
Retained earnings		**49,583**	78,809
Total equity		**59,874**	87,113

The consolidated statement of financial position is to be read in conjunction with the notes to the Financial Report set out on pages 42 to 68.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2023

In thousands of AUD	Share capital	Translation reserve	Employee benefit reserve	Retained earnings	Total
Balance at 1 July 2022	**1,667**	**641**	**5,996**	**78,809**	**87,113**
Loss for the year	–	–	–	(29,226)	(29,226)
Other comprehensive income	–	1,229	–	–	1,229
Total comprehensive income	**–**	**1,229**	**–**	**(29,226)**	**(27,997)**
Share based payments expense	–	–	758	–	758
Balance at 30 June 2023	**1,667**	**1,870**	**6,754**	**49,583**	**59,874**
Balance at 1 July 2021	**1,667**	**(666)**	**5,077**	**77,264**	**83,342**
Profit for the year	–	–	–	1,545	1,545
Other comprehensive income	–	1,307	–	–	1,307
Total comprehensive income	**–**	**1,307**	**–**	**1,545**	**2,852**
Share based payments expense	–	–	919	–	919
Balance at 30 June 2022	**1,667**	**641**	**5,996**	**78,809**	**87,113**

The consolidated statement of changes in equity is to be read in conjunction with the notes to the Financial Report set out on pages 42 to 68.

Consolidated Statement of Cash Flows

for the year ended 30 June 2023

		Consolidated	
In thousands of AUD	**Notes**	**2023**	**2022**
Cash flows from operating activities			
Cash receipts from customers		**76,258**	75,521
Cash paid to suppliers and employees		**(60,727)**	(57,885)
Cash generated from operations		**15,531**	17,636
Income taxes paid		**(1,713)**	(696)
Net cash provided by operating activities	26	**13,818**	16,940
Cash flows from investing activities			
Payments for capitalised development		**(7,479)**	(11,499)
Payments for property, plant and equipment		**(311)**	(299)
Payment for deposit		**(1,110)**	–
Interest received		**2,244**	2,049
Net cash used in investing activities		**(6,656)**	(9,749)
Cash flows from financing activities			
Repayment of borrowings	24	**–**	(5,293)
Payment of principal portion of lease liabilities		**(1,631)**	(1,662)
Interest payments		**(68)**	(225)
Payment of dividend	23	**–**	–
Net cash used in financing activities		**(1,699)**	(7,180)
Net increase in cash and cash equivalents		**5,463**	11
Cash and cash equivalents at 1 July		**12,329**	12,149
Effects of exchange rate changes on cash		**761**	169
Cash and cash equivalents at 30 June	10	**18,553**	12,329

The consolidated statement of cash flows is to be read in conjunction with the notes to the Financial Report set out on pages 42 to 68.

Notes to the Financial Report

for the year ended 30 June 2023

Note 1. Significant accounting policies

Integrated Research Limited (the "Company") is a company domiciled in Australia. The financial report of the Company for the year ended 30 June 2023 comprises the Company and its subsidiaries (together referred to as the "consolidated entity").

The financial report was authorised for issue by the Directors on 25 August 2023.

Integrated Research is a for-profit Company limited by ordinary shares.

A. Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations and the *Corporations Act 2001*. Financial Report of the consolidated entity comply with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

B. Basis of Preparation

The Financial Report is presented in Australian dollars and are prepared on a going concern basis using historical cost, with the exception of derivatives, which are at fair value.

The company is of a kind referred to in ASIC Legislative Instrument 2016/191 and in accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The preparation of Financial Report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the consolidated entity.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

New accounting standards and Interpretations

The accounting policies and methods of computation adopted in the preparation of the financial report are consistent with those adopted and disclosed in Integrated Research Limited's 2022 annual financial report.

Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, a number of standards and Interpretations were in issue but not yet effective.

Initial application of the following Standards is not expected to materially affect any of the amounts recognised in the Financial Report, but may change the disclosures made in relation to the consolidated entity's Financial Report:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 Jan 2023	30 June 2024
Definition of Accounting Estimates - Amendments to IAS 8	1 Jan 2023	30 June 2024
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1 Jan 2023	30 June 2024
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	1 Jan 2023	30 June 2024
AASB 2022-5 Amendments to AASs – Lease Liability in a Sale and Leaseback	1 Jan 2024	30 June 2025

Note 1. Significant accounting policies (continued)

C. Basis of consolidation

Subsidiaries are entities controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee). Exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee including: the contractual arrangement with the other vote holders of the investee; rights arising from other contractual arrangements and the Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the Financial Report of subsidiaries to bring their accounting policies into line with the Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it: de-recognises the assets (including goodwill) and liabilities of the subsidiary; de-recognises the carrying amount of any non-controlling interests; de-recognises the cumulative translation differences recorded in equity; recognises the fair value of the consideration received; recognises the fair value of any investment retained; recognises any surplus or deficit in profit or loss; reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Company had directly disposed of the related assets or liabilities.

D. Foreign currency

In preparing the Financial Report of the individual entities' transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

On consolidation, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation are translated to Australian dollars at foreign exchange rates ruling at the year end date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in other comprehensive income and accumulated in the translation reserve.

E. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i) in the principal market for the assets or liability; or

ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Notes to the Financial Report

for the year ended 30 June 2023

Note 1. Significant accounting policies (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Report are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Financial Report at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

F. Derivative financial instruments

The consolidated entity uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational activities. In accordance with its treasury policy, the consolidated entity does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of forward exchange contracts is their quoted market price at the year end date, being the present value of the quoted forward price.

G. Hedging

On entering into a hedging relationship, the consolidated entity normally designates and documents the hedge relationship and risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they are designated.

For cash flow hedges, the associated cumulative gain or loss is removed from equity and recognised in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the profit or loss.

Where financial instruments entered into by the Company are not designated as a hedging instrument the gain or loss is recognised immediately the profit and loss.

H. Property, plant and equipment

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses (see accounting policy (M)). The cost of acquired assets includes (i) the initial estimate at the time of installation and during the period of use, when relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and (ii) changes in the measurement of existing liabilities recognised for these costs resulting from changes in the timing or outflow of resources required to settle the obligation or from changes in the discount rate.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Note 1. Significant accounting policies (continued)

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed annually, with the effect of any changes recognised on a prospective basis.

The following useful lives are used in the calculation of depreciation:

- Leasehold improvements 6 to 10 years
- Plant and equipment 4 to 8 years

I. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. The Company applies a single recognition and measurement approach for all leases, except for short term leases and low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying asset.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

J. Intangible Assets

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the consolidated entity has sufficient resources to complete development.

The useful lives of the capitalised assets are assessed as finite. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as an expense as incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses (see accounting policy (M)).

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful life, but no more than three years, the exception being for the Company's next generation Prognosis Cloud platform which is amortised over five years.

Intellectual property

Intellectual property acquired from third parties is amortised over its estimated useful life, but no more than three years.

Notes to the Financial Report

for the year ended 30 June 2023

Note 1. Significant accounting policies (continued)

Computer software

Computer software is stated at cost and amortised on a straight-line basis over a two and a half to three year period. SaaS arrangements are service contracts providing the Company with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

K. Trade and other receivables

Trade and other receivables are stated at their amortised cost less expected credit losses. To measure the expected credit losses the Company utilizes the simplified approach in calculating the expected credit loss and recognises a loss allowance based on a lifetime expected credit losses at each reporting date. The Company has established a provision matrix calculated based on the group historical credit loss experience adjusted for forward looking factors.

Trade receivables are written off when there is no reasonable expectation of recovery.

For the trade receivables with extended payment terms beyond twelve months, the receivable is initially recognised at fair value less transaction costs calculated by applying a discount to the contracted cash flows. The discount rate applied is based upon the corporate borrowing rate that would apply to the type of customer, taking into account the customers' credit worthiness based on its size and jurisdiction.

L. Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits with an original maturity of three months or less.

M. Impairment

The carrying amounts of the consolidated entity's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Refer to Note 1(U) for Goodwill impairment considerations.

For intangible assets that are not yet available for use, the recoverable amount is estimated at each year end date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use.

In assessing recoverable value, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and their risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

N. Employee benefits

Superannuation

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss as incurred. There are no defined benefit plans in operation.

Long-term service benefits

The consolidated entity's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the high quality corporate bond rate at the year end date which have maturity dates approximating to the terms of the consolidated entity's obligations.

Share-based payment transactions

The performance rights and options programmes allow the consolidated entity's employees to acquire shares of the Company. The fair value of performance rights and options granted are recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the performance rights or options. The fair value of the instrument granted is measured using a Black-Scholes, Binomial or Monte-Carlo methodology, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options or performance rights that are expected to vest.

Note 1. Significant accounting policies (continued)

Wages, salaries, annual leave, and non-monetary benefits

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to the year end date, calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at the year end date.

O. Provisions

A provision is recognised in the statement of financial position when the consolidated entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Employee benefits

Provisions for employee benefits include liabilities for annual leave and long service leave and are measured at the amounts expected to be paid when the liabilities are settled.

Make good

The make good provision is for leases undertaken by the Company. For each provision raised a corresponding asset has been recognised and is amortised over the shorter of the term of the lease or the useful life of the asset.

P. Trade and other payables

Trade and other payables are stated at their amortised cost.

Q. Revenue

Revenue from contracts with customers is recognised either at a point in time (licence fees) or over time (maintenance, SaaS, testing solutions and professional services fees), regardless of when payment is received. Amounts disclosed as revenue are net of agency commissions and discounts. Where the Company bundles the products or services, the transaction price is allocated to each performance obligation based on the proportionate stand-alone selling prices.

Licence fees are recognised on delivery of the licence key, where the Company's contracts with customers provide the right to use the Company's intellectual property. As such, the Company's performance obligation is satisfied at the point in time which the customer receives the licence key.

Maintenance fees are recognised on a monthly basis over the term of the service agreement, which may range between one to five years. Services provided to customers under maintenance contracts include technical support and supply of software upgrades.

Subscription fees are recognised on a monthly basis over the term of the service agreement which may range between one to five years. The Company's contracts with customers provide a right of access to the Company's intellectual property (hosted on the Company's cloud environment) for the duration of the term of the contract.

Testing solutions services revenues are recognised either rateably over a service period or as services are rendered. Testing services relate to the provision of services to performing testing of customer environments.

Professional services are revenues recognised as the services are rendered, typically in accordance with the achievement of contract milestones or hours expended. Professional services include implementation and configuration services for licenced software.

Unsatisfied performance obligations are disclosed as deferred revenue on the consolidated statement of financial position. Where the Company has a multiyear non-cancellable contractual commitment but does not expect to satisfy the performance obligation within twelve months, no deferred revenue or trade receivable is recognised.

The Company typically provides multi-year payment terms to customers ranging between one to five years. For such contracts with customers, the transaction price is discounted using a rate that would be reflected in a separate financing transaction between the Company and the customer. This amount is recognised rateably as finance income over the payment period.

Directly related contract costs in obtaining the customer contracts are expensed unless they are incremental to obtaining the contract and the Company expects to recover those costs. These costs are recognised as contract assets and amortised over the life of the contract they relate to. The incremental costs in obtaining customer contracts for the Company relate to specified commissions paid to employees which meet the criteria of directly related contract costs.

No revenue is recognised if there are significant uncertainties regarding the recovery of the transaction price, the costs incurred or to be incurred cannot be measured reliably or there is a risk of return.

Notes to the Financial Report

for the year ended 30 June 2023

Note 1. Significant accounting policies (continued)

R. Financing income

Financing income comprises interest receivable on funds invested and the financing component of the sale of licences, less interest payable on borrowings.

S. Income tax

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the year end date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the year end date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional dividend franking deficit tax that arises from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

T. Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), or similar taxes, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable or payable is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable or payable are classified as operating cash flows.

U. Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred at acquisition date measured at fair value. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Changes in the fair value of the contingent consideration are recognised in the Statement of Comprehensive Income.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. Goodwill is tested annually for impairment. Acquisition-related costs are expensed as incurred and included in administrative expenses.

V. Grant income

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

W. Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Note 1. Significant accounting policies (continued)

Intangible assets - Development

An intangible asset arising from development expenditure on an internal project is recognised only when the consolidated entity can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure capitalised is amortised over the period of expected benefits from the related project commencing from the commercial release of the project. The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use or more frequently when an indication of impairment arises during the reporting period.

Intangible assets – Goodwill

Goodwill acquired from business acquisitions is initially measured at cost. Goodwill is tested annually for impairment or earlier if changes in circumstances indicate a potential impairment, the impairment policy is explained in Note 1(M). The impairment testing requires judgements over future cashflow streams, recoverable amounts of Individual assets within the CGU and assumptions used in the calculations.

Share based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either a Black-Scholes or Monte Carlo methodology and applying management determined probability factors relating to non-market vesting conditions.

Provision for expected credit losses of trade and other receivables

The Company uses a provision matrix to calculate the expected credit loss for trade and other receivables. The provision rates are based on the days overdue and differ by geography. The provision matrix is based on the historical default experience for the Company and adjusted for forward-looking information and includes the use of macroeconomic information where appropriate. The determination of the provision rates is considered a significant estimate as it is sensitive to change in circumstances and of forecast of economic conditions. The expected credit loss also may not be representative of the customers' actual default in the future.

Income Tax

The Company regularly assesses the adequacy of income tax provisions having regard to the differing tax rules and regulations applicable in the various jurisdictions in which the Company operates. Due to the complexities of tax rules and regulations in numerous jurisdictions, matters such as the availability and timing of tax deductions and the application of the arm's length principle to cross-border transactions often require significant judgements and assumptions to be made. Deferred tax assets are recognised for deductible temporary differences and tax losses to the extent that it is probable that future taxable profits will be available to utilize those temporary differences and tax losses. Significant judgement is required by the Company to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

Notes to the Financial Report

for the year ended 30 June 2023

Note 2. Segment reporting

The Chief Operating Decision Maker (CODM), being the Chief Executive Officer, reviews a variety of information, including profit, on the performance of Prognosis solution across the group for the purpose of resource allocation.

The principal geographical regions are the Americas – Operating from the United States with responsibility for the countries in North, Central and South America, Europe – operating from the United Kingdom and Germany with responsibility for the countries in Europe, Asia Pacific – operating from Australia and Singapore with responsibility for the countries in the rest of the world, and Corporate Australia – with responsibility for research and development and corporate head office functions of the Company. Inter-segment pricing is determined on an arm's length basis.

Information regarding these geographic regions is presented below.

	Americas		Europe		Asia Pacific		Corporate Australia[1]		Eliminations		Consolidated	
In thousands of AUD	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Sales to customers outside the consolidated entity	**42,205**	38,064	**10,404**	9,653	**17,219**	15,150	**–**	–	**–**	–	**69,828**	62,867
Inter-region revenue	**–**	–	**–**	–	**–**	–	**31,804**	24,362	**(31,804)**	(24,362)	**–**	–
Total regional revenue	**42,205**	38,064	**10,404**	9,653	**17,219**	15,150	**31,804**	24,362	**(31,804)**	(24,362)	**69,828**	62,867

	Americas (USD)		Europe (GBP)	
In thousands of local currency	**2023**	**2022**	**2023**	**2022**
Sales to customers outside the consolidated entity	**28,113**	27,618	**5,755**	5,228
Inter-region sales	**–**	–	**–**	–
Total regional revenue	**28,113**	27,618	**5,755**	5,228

1. Corporate Australia includes both the research and development and corporate head office functions of Integrated Research Limited.

Note 3. Revenue from contracts with customers

Information regarding the disaggregation of the Company's revenues from contracts with customers is presented below.

	Consolidated	
In thousands of AUD	**2023**	**2022**
Timing of Revenue Recognition:		
At a point in time	**45,559**	35,495
Over time	**24,269**	27,372
Total Revenue from contracts with customers	**69,828**	62,867
Type of product Group		
Collaborate	**39,368**	34,324
Infrastructure	**14,667**	13,240
Transact	**12,127**	8,249
Professional services	**3,666**	7,054
Total Revenue	**69,828**	62,867

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied), which are not included above, is $21,389,000 (2022: $14,801,000) as at 30 June and is expected to be recognised as revenue in two to five years. This amount relates to contracts with customers where the Company has a multi-year non-cancellable contractual commitment but does not expect to satisfy the performance obligation within twelve months, and no deferred revenue or trade receivable is recognised.

Note 4. Expenditure

Total expenditure includes:

In thousands of AUD	Note	Consolidated 2023	2022
Employee benefits expense:			
Defined contribution plans		**2,365**	2,719
Equity settled share-based payments		**773**	922
Other employee benefits		**43,954**	46,256
		47,093	49,897
Depreciation and amortization		**11,787**	12,789
Impairment	17	**31,778**	–
Expected credit loss provision expense	11	**(621)**	725

Note 5. Other gains

In thousands of AUD	Note	Consolidated 2023	2022
Currency exchange gains		**850**	1,644
Grant income - US Paycheck Protection Program	24	**–**	1,364
Other income		**527**	–
		1,377	3,008

Note 6. Finance income

In thousands of AUD	Consolidated 2023	2022
Interest income	**2,243**	2,049
Interest on borrowings	**–**	(56)
Interest on lease liability	**(68)**	(169)
	2,175	1,824

Note 7. Auditors' remuneration

In AUD	Consolidated 2023	2022
Fees to Ernst & Young (Australia)		
Fees for auditing the consolidated financial report of the Company and auditing the statutory financial reports of any controlled entities	**337,325**	297,068
Fees for other services		
- Tax compliance	**18,375**	46,750
Total fees to Ernst & Young (Australia)	**355,700**	343,818
Fees to other overseas member firms of Ernst & Young (Australia)		
Fees for other services		
- Tax compliance	**–**	149,138
- iXBRL service and share register reporting	**1,343**	30,088
Total fees to overseas member firms of Ernst & Young (Australia)	**1,343**	179,226
Total auditor's remuneration	**357,043**	523,044

Notes to the Financial Report

for the year ended 30 June 2023

Note 8. Income tax

Recognised in profit for the year

In thousands of AUD	Note	Consolidated 2023	2022
Current income tax:			
Current income tax benefit		**(2,401)**	(8,667)
Adjustments in respect of current income tax of previous year		**(333)**	(30)
		(2,734)	(8,697)
Deferred tax:			
Relating to origination and reversal of temporary differences	15	**10,574**	(1,771)
Losses and R&D credits available for offset against future taxable income	15	**1,607**	6,478
De-recognition of deferred tax	15	**(9,518)**	–
Total income tax benefit in profit and loss		**(71)**	(3,990)

Numerical reconciliation between income tax benefit and profit before tax

In thousands of AUD	Consolidated 2023	2022
Loss before tax	**(29,297)**	(2,445)
Income tax using the domestic corporate tax rate of 30%	**(8,789)**	(733)
Increase in income tax expense due to:		
Non-deductible expenses	**2,299**	237
De-recognition of Deferred tax asset	**9,518**	–
Effect of tax rates in foreign jurisdictions	**70**	240
Decrease in income tax expense due to:		
R&D tax incentive	**(2,836)**	(3,359)
Government grants exempted from tax	**–**	(345)
Over provision from prior year	**(333)**	(30)
Income tax benefit	**(71)**	(3,990)

Note 9. Earnings per share

The calculation of basic and diluted earnings per share at 30 June 2023 was based on the loss attributable to ordinary shareholders of $29,226,000 (2022: profit $1,545,000); a weighted number of ordinary shares outstanding during the year ended 30 June 2023 of 172,902,324 (2022: 172,405,192); and a weighted number of ordinary shares (diluted) outstanding during the year ended 30 June 2023 of 172,902,324 (2022: 172,889,534), calculated as follows:

In thousands of AUD	Consolidated 2023	2022
(Loss)/Profit for the year	**(29,226)**	1,545

Note 9. Earnings per share (continued)

Weighted average number of shares used as the denominator

Number	Consolidated 2023	2022
Number for basic earnings per share:		
Ordinary shares	**172,902,324**	172,405,192
Effect of employee share plans on issue	**–**	494,342
Number for diluted earnings per share	**172,902,324**	172,889,534
Basic (loss)/earnings per share (AUD cents)	**(16.90)**	0.90
Diluted (loss)/earnings per share (AUD cents)	**(16.90)**	0.89

Note 10. Cash and cash equivalents

In thousands of AUD	Consolidated 2023	2022
Cash at bank and on hand	**18,553**	12,329

Note 11. Trade and other receivables

Current

In thousands of AUD	Consolidated 2023	2022
Trade debtors	**41,005**	47,764
Less: Allowance for expected credit losses	**(301)**	(1,288)
	40,704	46,476
GST receivable	**209**	336
	40,913	46,812

Non-current

In thousands of AUD	Consolidated 2023	2022
Trade debtors	**22,540**	21,995

The Company provides customers of good credit worthiness extended payment plans over the committed term of the licence contract ranging between one to five years. For customers not on extended payment plans the credit period on sales range from 30 to 90 days.

Ageing of past due but not impaired:

In thousands of AUD	Note	Consolidated 2023	2022
Past due 30 days		**305**	2,627
Past due 60 days		**359**	895
Past due 90 days		**281**	2,499
Total	24	**945**	6,021

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for the year ended 30 June 2023

Note 11. Trade and other receivables (continued)

The movement in the allowance for expected credit losses in respect of trade receivables is detailed below:

	Consolidated	
In thousands of AUD	**2023**	**2022**
Balance at beginning of year	**1,288**	1,336
Amounts written off during the year	**(366)**	(773)
(Decrease)/Increase in provision	**(621)**	725
Balance end of year	**301**	1,288

The Company has used the following criteria to assess the allowance loss for expected credit losses shown above:

- historical default experience. Loss rate for 2023 was 0.52% (2022: 1.22%);
- macroeconomic factors specific to the geography of the customer;
- an individual account by account specific risk assessment based on past credit history; and
- any prior knowledge of debtor insolvency or other credit risk.

Included in the Company's trade receivable balance are debtors which are 90 days past due at the reporting date which the Company has not provided for as there has been no significant change in credit quality and the consolidated entity believes that the amounts are still recoverable.

Note 12. Other assets

Current

	Consolidated	
In thousands of AUD	**2023**	**2022**
Other prepayments	**2,228**	2,477
Contract assets	**1,229**	1,169
Fair value of assets – forward foreign exchange contracts	**–**	11
Total	**3,457**	3,657

Non-current

	Consolidated	
In thousands of AUD	**2023**	**2022**
Contract assets	**1,213**	1,050
Total	**1,213**	1,050

Note 13. Other financial assets

	Consolidated	
In thousands of AUD	**2023**	**2022**
Deposits	**1,400**	244

The carrying amount of other financial assets is a reasonable approximation of their fair value. Deposits include deposit for a Cash backed bank guarantee for rental premises.

Note 14. Property, plant and equipment

Plant and equipment

In thousands of AUD	Consolidated 2023	2022
At cost	**5,959**	5,874
Accumulated depreciation	**(5,753)**	(5,447)
Impairment (Note 17)	**(206)**	–
	–	427

Leasehold improvements

In thousands of AUD	Consolidated 2023	2022
At cost	**3,117**	3,298
Accumulated depreciation	**(2,854)**	(2,981)
Impairment (Note 17)	**(263)**	–
	–	317

Total property, plant and equipment

In thousands of AUD	Consolidated 2023	2022
At cost	**9,076**	9,172
Accumulated depreciation	**(8,607)**	(8,428)
Impairment (Note 17)	**(469)**	–
	–	744

Plant and Equipment

In thousands of AUD	Consolidated 2023	2022
Carrying amount at start of year	**427**	822
Additions	**58**	129
Disposals	**–**	(10)
Effects of foreign currency exchange	**7**	14
Depreciation expense	**(286)**	(528)
Impairment (Note 17)	**(206)**	–
Carrying amount at end of year	**–**	427

Leasehold Improvements

In thousands of AUD	Consolidated 2023	2022
Carrying amount at start of year	**317**	433
Additions	**–**	–
Effects of foreign currency exchange	**1**	3
Depreciation expense	**(55)**	(119)
Impairment (Note 17)	**(263)**	–
Carrying amount at end of year	**–**	317

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for the year ended 30 June 2023

Note 15. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Consolidated In thousands of AUD	Assets 2023	Assets 2022	Liabilities 2023	Liabilities 2022	Net 2023	Net 2022
Intangible assets	**–**	–	**–**	8,206	**–**	(8,206)
Trade and other payables	**342**	314	**–**	–	**342**	314
Employee benefits	**941**	1,025	**–**	–	**941**	1,025
Provisions	**210**	440	**–**	–	**210**	440
Other current liabilities	**2,580**	829	**593**	757	**1,987**	72
Unrealized foreign exchange gain	**–**	–	**538**	1,277	**(538)**	(1,277)
Losses and R&D credits available for offset against future taxable income	**8,085**	6,478	**–**	–	**8,085**	6,478
De-recognition of deferred tax	**(9,518)**	–	**–**	–	**(9,518)**	–
Deferred tax assets/(liabilities)	**2,640**	9,086	**1,131**	10,240	**1,509**	(1,154)
Set off of deferred tax liabilities	**(1,131)**	(7,753)	**(1,131)**	(7,753)	**–**	–
Net deferred tax assets/ (liabilities)	**1,509**	1,333	**–**	2,487	**1,509**	(1,154)

Movement in temporary differences during the year:

For year ended 30 June 2023 In thousands of AUD	Consolidated Balance 1 July 22	Recognised in income	Recognised in equity	Balance 30 June 23
Intangible assets	(8,206)	8,206	–	**–**
Trade and other payables	314	28	–	**342**
Employee benefits	1,025	(84)	–	**941**
Provisions	440	(230)	–	**210**
Other current liabilities	72	1,915	–	**1,987**
Unrealized foreign exchange gain	(1,277)	739	–	**(538)**
Losses and R&D credits available for offset against future taxable income[1]	6,478	1,607	–	**8,085**
De-recognition of deferred tax	–	(9,518)		**(9,518)**
	(1,154)	**2,663**	**–**	**1,509**

1. R&D Credits refer to tax incentive received for conduction eligible R&D activities under the Research and Development Tax Incentive (R&DTI) scheme administered jointly by AusIndustry and Australian Taxation Office. These tax Incentives can be used by the company to offset Its future tax liability. As at 30 June 2023 the Company has unrecognized deferred tax assets related to Australian R&D tax incentives of $8.1 million (30 June 2022: nil) and unrecognized deferred tax assets on temporary differences of $1.4 million (30 June 2022: nil)

For year ended 30 June 2022 In thousands of AUD	Consolidated Balance 1 July 21	Recognised in income	Recognised in equity	Balance 30 June 22
Intangible assets	(7,879)	(327)	–	(8,206)
Trade and other payables	435	(121)	–	314
Employee benefits	1,082	(57)	–	1,025
Provisions	431	9	–	440
Other current liabilities	(72)	144	–	72
Unrealized foreign exchange gain	142	(1,419)	–	(1,277)
Losses and R&D credits available for offset against future taxable income	–	6,478	–	6,478
	(5,861)	**4,707**	**–**	**(1,154)**

Note 16. Intangible assets

The balance of capitalized intangible assets comprises:

Cost

In thousands of AUD	Software development	Third party software	Goodwill	Total
Balance at 1 July 2021	52,604	2,284	3,290	58,178
Fully amortized & offset	(9,455)	–	–	(9,455)
Internally developed	11,499	–	–	11,499
Effects of foreign currency exchange	–	–	285	285
Balance at 30 June 2022	**54,648**	**2,284**	**3,575**	**60,507**
Balance at 1 July 2022	54,648	2,284	3,575	60,507
Acquired	–	21	–	21
Fully amortised & offset	–	(17)	–	(17)
Internally developed	7,479	–	–	7,479
Effects of foreign currency exchange	–	–	152	152
Balance at 30 June 2023	**62,127**	**2,288**	**3,727**	**68,142**

Amortisation

In thousands of AUD	Software development	Third party software	Goodwill	Total
Balance at 1 July 2021	25,988	2,228	–	28,216
Fully amortised & offset	(9,455)	–	–	(9,455)
Amortisation for year	10,419	18	–	10,437
Balance at 30 June 2022	**26,952**	**2,246**	**–**	**29,198**
Balance at 1 July 2022	26,952	2,246	–	29,198
Fully amortised & offset	–	(17)	–	(17)
Amortisation for year	10,293	22	–	10,315
Impairment (Note 17)	24,882	37	3,727	28,646
Balance at 30 June 2023	**62,127**	**2,288**	**3,727**	**68,142**

Carrying amounts

In thousands of AUD	Software development	Third party software	Goodwill	Total
Balance at 30 June 2022	27,696	38	3,575	31,309
Balance at 30 June 2023	**–**	**–**	**–**	**–**

Note 17. Goodwill and Impairment

Goodwill arose on the acquisition of IQ Services business in the year ending 30 June 2016. Management has identified the Group as the cash generating unit (the Prognosis CGU) to which goodwill is allocated for impairment testing. Management performs its impairment testing at least annually. The carrying value of goodwill at 30 June 2023 is Nil (2022: $3,575,000). A reconciliation of the movement in goodwill is included in Note 16.

The Group performed its annual impairment test in June 2023. The Group considers the relationship between its market capitalization and its book value, amongst other factors, when reviewing indicators of impairment. As at 30 June 2023, the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment of goodwill and impairment of the assets of the Prognosis cash generating unit. While IR has a strong position in on premise solutions, the evolving SaaS market has significantly curtailed forecasted future use cases. A full CGU impairment assessment was performed reflecting forecasts based on historical trends for new business, renewals, and expense growth.

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Note 17. Goodwill and Impairment (continued)

The recoverable amount of the Prognosis CGU as at 30 June 2023 has been determined based on discounted cashflows using cash flow projections reviewed by the board covering a four-year period. The projected cash flows have been updated to reflect the demand for the Prognosis CGU. The post-tax discount rate applied to cash flow projections is 11% (2022: 11%) and cash flows beyond the four-year period are extrapolated using a 3.0% growth rate (2022: 3.0%) that is the same as the long-term average growth rate for the software industry. As a result of this analysis, management has recognized an impairment charge of $31,778,000 in the current year against Goodwill $3,727,000, Intangible Assets of $24,919,000, Right-of-use assets of $2,663,000 and Property, Plant and equipment of $469,000. The impairment charge is recorded in the consolidated statement of comprehensive income. Other assets of the Prognosis CGU, which have not been impaired were assessed that their carrying value is equal to their recoverable value.

Key assumptions used in recoverable amount calculations and sensitivity to changes in assumptions.

The calculation of recoverable amount is most sensitive to the following assumptions:

1. Cash flow forecasts

The cash flow forecasts are based upon a Board reviewed cash flow forecasts for the financial years 2024 to 2027. Key drivers of the cash flow forecasts are new business outlook, renewals growth, and expense growth.

2. Discount rate

Discount rates represent the current market assessment of the risks specific to the Prognosis CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC).

3. Terminal value

The terminal growth rate after the four-year projection period has been calculated using a growth rate of 3% (2022: 3%) which is determined by Management based on their assessment of expected long-term annual growth for the software industry.

Note 18. Trade and other payables

	Consolidated	
In thousands of AUD	**2023**	**2022**
Trade and other creditors	**7,901**	10,131

The average credit period on trade and other payables is 30 days.

Note 19. Employee benefits

Current

	Consolidated	
In thousands of AUD	**2023**	**2022**
Liability for annual leave	**2,053**	2,621
Liability for long service leave	**1,013**	1,029
	3,066	3,650

Non-current

	Consolidated	
In thousands of AUD	**2023**	**2022**
Liability for long service leave	**547**	442

Pension plans

Employees of the consolidated entity accumulate pension benefits through statutory contributions by the entities in the consolidated entity as required by the laws of the jurisdictions in which they operate, supplemented by individual contributions.

Note 19. Employee benefits (continued)

Share based payments

Performance rights and options plan

On 21 November 2011, the consolidated entity established the Integrated Research Performance Rights and Options Plan (IRPROP). The plan enables the Company to offer options to eligible employees to obtain shares in Integrated Research at no cost contingent upon performance conditions being met (otherwise referred to as performance rights). The performance conditions include either a service period with performance components or a service period with either a net after tax profit hurdle or a total shareholder return (TSR) hurdle. The performance rights are automatically exercised into shares upon the performance conditions being met. Share options are exercisable by employees after the vesting date but before the expiry date (which is five years from the grant date) at their exercise price. The following rights were granted during the period:

Grant Date	Type	Quantity	Exercise price	Expiry date
Sep-22	Performance rights	238,095	–	Sep-25
Oct-22	Performance rights	1,239,218	–	Aug-25
Dec-22	Performance rights	850,000	–	Aug-25
Dec-22	Performance rights	4,758,750	–	Sep-25

The fair value of the Instruments including assumptions used are as follows:

Grant date	Sep 2022	Oct 2022	Dec 2022	Dec 2022
Fair value at measurement date	$0.45	$0.091 (T1)	$0.091 (T1)	$0.46
		$0.074 (T2)	$0.074 (T2)	
		$0.058 (T3)	$0.058 (T3)	
Share price	$0.45	$0.38	$0.38	$0.46
Exercise price	nil	nil	nil	nil
Expected volatility	53.74%	53.74%	53.74%	53.74%
Contractual life (expressed in days)	1,097	1,041	899	998
Expected dividends	0.0%	0.0%	0.0%	0.0%
Risk-free interest rate (based on 3 year treasury bonds)	3.45%	3.45%	3.45%	3.45%
Performance hurdles - IRI share price at testing date	N/A	$0.80 (T1),	$0.80 (T1),	
		$1.20 (T2),	$1.20 (T2),	N/A
		$1.60 (T3)	$1.60 (T3)	
Testing date	N/A	Aug-23 (T1),	Aug-23 (T1),	
		Aug-24 (T2),	Aug-24 (T2),	
		Aug-25 (T3)	Aug-25 (T3)	N/A
Model Used	Black Scholes	Monte Carlo	Monte Carlo	Black Scholes

The fair values of services received in return for performance rights and options granted to employees is measured by reference to the fair value of rights granted.

During the year ended 30 June 2023, the consolidated entity recognised an expense through statement of Comprehensive Income of $773,000 related to the fair value of rights and options (2022: $922,000).

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for the year ended 30 June 2023

Note 19. Employee benefits (continued)

The following table provides the movement in performance rights and options during the year:

	Performance Rights		Options	
In thousands of instruments	**2023**	**2022**	**2023**	**2022**
Outstanding at the beginning of the year	**1,420**	806	**1,368**	–
Forfeited during the year	**(1,014)**	(288)	**(221)**	(1,085)
Exercised during the year[1]	**(592)**	(274)	**–**	–
Granted during the year	**7,086**	1,176	**–**	2,453
Outstanding at the end of the year	**6,900**	1,420	**1,147**	1,368
Exercisable at the end of the year (vested)	**–**	–	**382**	–

1. Weighted average share price of exercised performance rights for the period was $0.436

Note 20. Provisions

Current

		Consolidated	
In thousands of AUD	**Note**	**2023**	**2022**
Employee benefits	19	**3,066**	3,650
Other provisions		**385**	–
		3,451	3,650

Non-current

		Consolidated	
In thousands of AUD	**Note**	**2023**	**2022**
Employee benefits	19	**547**	442
Lease make good		**388**	463
		935	905

Note 21. Lease assets and liabilities

The Company has lease contracts for office space and equipment used in operations, with terms ranging from 1 to 5 years. The company's obligations under Its leases are secured by the lessor's title to the leased assets.

The lease liabilities were discounted at the incremental borrowing rates as at inception of the respective lease. The incremental borrowing rates for the portfolio of leases were between 3% and 4%. Finance income decreased by $68,000 (2022: $169,000) relating to the interest expense on lease liabilities recognised.

Right-of-use assets

Office premises

	Consolidated	
In thousands of AUD	**2023**	**2022**
At cost	**7,982**	8,839
Accumulated depreciation	**(5,319)**	(4,432)
Impairment (Note 17)	**(2,663)**	–
	–	4,407

Note 21. Lease assets and liabilities (continued)

Office premises

In thousands of AUD	Consolidated 2023	2022
Carrying amount at start of year	**4,407**	6,003
Changes during the year	**(662)**	109
Effects of foreign currency exchange	**49**	–
Depreciation expense	**(1,131)**	(1,705)
Impairment (Note 17)	**(2,663)**	–
Carrying amount at end of year	**–**	4,407

Current lease liabilities

In thousands of AUD	Consolidated 2023	2022
Lease liabilities	**1,582**	1,710
	1,582	1,710

Non-current lease liabilities

In thousands of AUD	Consolidated 2023	2022
Lease liabilities	**1,470**	3,161
	1,470	3,161

Contractual undiscounted cash outflows used to calculate lease liability

In thousands of AUD	Consolidated 2023	2022
Less than one year	**1,643**	1,850
Between one and five years	**1,471**	3,384
	3,114	5,234

Note 22. Other financial liabilities

Current

In thousands of AUD	Consolidated 2023	2022
Fair value of hedge liabilities - forward foreign exchange contracts	**–**	654
	–	654

Non-current

In thousands of AUD	Consolidated 2023	2022
Other creditors	**2**	8
	2	8

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Note 23. Capital and reserves

Share capital

	Ordinary shares	
In thousands of shares	**2023**	**2022**
On issue 1 July	**172,489**	172,215
Issued against employee performance right exercised	**592**	274
On issue 30 June	**173,080**	172,489

The company does not have authorized capital or par value in respect of its issued shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the Financial Report of foreign operations where their functional currency is different to the presentation currency of the consolidated entity, as well as from the translation of liabilities that hedge the consolidated entity's net investment in a foreign subsidiary.

Employee benefit reserve

The employee benefit reserve arises on the grant of either share options or performance rights to employees under the Integrated Research Performance Rights and Option Plan (established November 2011) or the Employee Share Option Plan (established October 2000). Refer to Note 19 for further details.

Dividends

No dividends were declared in 2023 financial year (2022: Nil)

Franking account disclosure:

	Company	
In thousands of AUD	**2023**	**2022**
Adjusted franking account balance	**7,766**	8,141

Note 24. Financial instruments

Capital risk management

The consolidated entity manages its capital to ensure that controlled entities will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of treasury management.

The capital structure of the consolidated entity consists of cash and cash equivalents and equity attributable to equity holders of the company, comprising issued capital, reserves, and retained earnings as disclosed in Notes 10 and 23 respectively.

Borrowings

The Company had a $20 million multicurrency revolving cash advance facility during the year which was terminated in December 2022. Interest was variable, linked to Bank Bill Swap Bid Rate (BBSY), plus a margin. The facility was secured by a General Security Agreement with a deed of cross guarantee including the parent entity, Integrated Research UK Limited, and Integrated Research Inc. The facility was also subject to certain debt covenants including a leverage ratio, interest cover ratio and capitalization ratio.

Due to the operating performance for 2022, the facility was not available to be drawn. As a result, and to save on finance costs, the facility was terminated in December 2022.

During the 2021 financial year, the Company applied for and received US $1.0 million in borrowing as part of the US Paycheck Protection Program (PPP). The proceeds of the loan are to be used for certain operational costs, namely payroll and benefits, but can also be used towards rent and utilities. The intention of the loan program is for borrowers to use the funds for the approved purposes and subsequently seek loan forgiveness, which can be sought when the loan proceeds have been used.

Note 24. Financial instruments (continued)

During the 2022 financial year the loan was forgiven in full, recognized through profit and loss as grant income and treated as a non-cash financing activity within the statement of cash flows by the Company.

Bank Guarantee Facility

The Company has a $1,200,000 bank guarantee facility. The primary purpose of the facility is to provide guarantees to the Company's landlord pursuant to contractual lease arrangements. At 30 June 2023, the total value of bank guarantees provided was $1,110,000 (2022: $1,110,000). After the year end, the Bank Guarantee under the facility provided to landlord was replaced by a cash backed guarantee and the facility was terminated in August 2023.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the Financial Report.

Financial risk management objectives

The Board of Directors has overall responsibility for the establishment and oversight of the consolidated entity's financial management framework. The Board has an established Audit and Risk Committee, which is responsible for developing and monitoring the consolidated entity's financial management policies. The Committee provides regular reports to the Board of Directors on its activities.

The Audit and Risk Committee oversees how Management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks. The main risks arising from the consolidated entity's financial instruments are currency risk, credit risk, liquidity risk and cash flow interest rate risk.

The consolidated entity seeks to minimise the effects of these risks, where deemed appropriate, by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the consolidated entity's policies on foreign exchange risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The consolidated entity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and cash flow interest rate risks. The consolidated entity enters into foreign exchange forward contracts to hedge the exchange rate risk arising from transactions not recorded in an entity's functional currency.

Foreign currency risk management

The consolidated entity undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amount of the consolidated entity's foreign currency denominated monetary assets and monetary liabilities at the reporting date that are denominated in a currency that is different to the functional currency of the respective entities undertaking the transactions is as follows:

	Consolidated			
	Liabilities		Assets	
In thousands of AUD	**2023**	**2022**	**2023**	**2022**
US Dollar	**1,302**	1,416	**4,479**	3,697
Sterling	**–**	–	**1**	35
Euro	**–**	–	**1,179**	1,526

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for the year ended 30 June 2023

Note 24. Financial instruments (continued)

Foreign currency sensitivity

At 30 June 2023, if the US Dollar, Sterling or Euro weakened or strengthened against the Australian dollar by the percentage shown, with all other variables held constant, net profit for the year would increase (decrease) by the following based on the change in the exchange rate against the Australian dollar.

	Consolidated			
	Net (loss)/profit before tax		Equity	
In thousands of AUD	**2023**	**2022**	**2023**	**2022**
US Dollar	**353**	253	**353**	253
Sterling	**–**	4	**–**	4
Euro	**131**	170	**131**	170

Change in currency (i) – 10% decrease

	Consolidated			
	Net (loss)/profit before tax		Equity	
In thousands of AUD	**2023**	**2022**	**2023**	**2022**
US Dollar	**(289)**	(207)	**(289)**	(207)
Sterling	**–**	(3)	**–**	(3)
Euro	**(107)**	(139)	**(107)**	(139)

Change in currency (i) – 10% increase

The sensitivity analysis has been based on the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates based on historical volatility.

In addition to the above, there is also an A$24.8 million (2022: A$26.8 million) intercompany receivable in the parent entity at 30 June, denominated in US dollars, that eliminates on consolidation. The gain or loss on revaluation of the intercompany balance to Australian dollars is not eliminated and is therefore recorded through profit and loss. A 10% decrease in the Australian dollar against the US dollar would result in a A$2.8 million (2022: A$3.0 million) increase to net profit before tax and equity, whilst a 10% increase would result in a A$2.3 million (2022: A$2.4 million) decrease to net profit before tax and equity.

In management's opinion, the sensitivity analysis is not fully representative of the inherent foreign exchange risk as the year end exposure does not necessarily reflect the exposure during the course of the year. The consolidated entity includes certain subsidiaries whose functional currencies are different to the consolidated entity presentation currency. The main operating entities outside of Australia are based in the United States, the United Kingdom, Germany and Singapore. As stated in the consolidated entity's accounting policies per Note 1, on consolidation the assets and liabilities of these entities are translated into Australian dollars at exchange rates prevailing at the year end date. The income and expenses of these entities is translated at the average exchange rates for the year. Exchange differences arising are classified as equity and are transferred to a foreign exchange translation reserve. The consolidated entity's future reported profits could therefore be impacted by changes in rates of exchange between the Australian Dollar and United States Dollar, UK Sterling, Euro and Singapore Dollar each.

Note 24. Financial instruments (continued)

Foreign exchange contracts

The consolidated entity is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the AUD. The currencies giving rise to this risk are primarily United States Dollar, UK Sterling and the Euro.

The consolidated entity uses option and forward exchange contracts to hedge its foreign currency risk. The option and forward exchange contracts have maturities of less than two years after the reporting date.

The consolidated entity classifies its option and forward exchange contracts hedging forecasted transactions as cash flow hedges and measures them at fair value. The following table details the option and forward foreign currency contracts outstanding as at reporting date.

	Average Exchange Rate		Foreign Currency		Contract Value		Fair Value	
Outstanding contracts	**2023**	**2022**	**2023 FC'000**	**2022 FC'000**	**2023 A$'000**	**2022 A$'000**	**2023 A$'000**	**2022 A$'000**
FX Forwards								
Sell US Dollar								
Less than 3 months	–	0.77	–	2,500	–	3,249	–	(379)
3 to 6 months	–	0.74	–	1,000	–	4,108	–	(107)
6 to 9 months	–	0.70	–	750	–	1,058	–	(29)
9 to 12 months	–	0.69	–	750	–	1,043	–	(45)
FX Options								
Put US Dollar								
Less than 3 months	–	0.67	–	2,000	–	3,008	–	(28)
3 to 6 months	–	0.70	–	1,000	–	1,429	–	(66)
Call US Dollar								
Less than 3 months	–	0.75	–	2,000	–	2,685	–	3
3 to 6 months	–	0.75	–	1,000	–	1,335	–	7
							–	(644)

These hedge assets and liabilities are classified as a level 2 fair value measurement, being derived from inputs provided from financial institutions, rather than quoted prices that are observable for the asset either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value measurement of the over the counter forward contact would not qualify as Level 1 as there is not a quoted price for the actual contract, even though data used to value the contract may be derived entirely from active foreign-exchange and interest-rate market.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. The largest single counterparty balance with any one customer at 30 June 2023 was $2.7 million (2022: $6.0 million). Ongoing credit evaluation is performed on the financial condition of accounts.

The Company has a program available to sell selected account receivable balances to a third party without recourse. The purpose of the program is to manage credit risk and improve working capital. During the year ended 30 June 2023 no debtors were sold (2022: nil). The Company continues to bear maintenance support obligations to the end customers which are carried as a liability in the deferred revenue account of the Company's balance sheet of $0.5 million (2022: $0.9 million).

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Notes to the Financial Report

for the year ended 30 June 2023

Note 24. Financial instruments (continued)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the consolidated entity's short, medium and long-term funding and liquidity management requirements.

The consolidated entity manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

All creditor and other payables shown in Note 18 and Note 22 for both 2023 and 2022 carry no interest obligation.

Fair value of financial instruments

The carrying value of financial assets and financial liabilities of the consolidated entity is a reasonable approximation of their fair value.

For non-current trade debtors Integrated Research has considered a discount rate to recognise the net present value of the debtors. Level 3 inputs have been considered including corporate borrowing rates, size of the customer and jurisdiction of the customer. A discounted cashflow model was used to derive the fair value. The range of discount rates was between 3.5% to 7.5%. The carrying value of non-current trade debtors for 2022 and 2023 of the consolidated entity was a reasonable approximation of their fair value.

Note 25. Consolidated entities

	Country of incorporation	Ownership interest 2023	Ownership interest 2022
Parent entity:			
Integrated Research Limited	Australia		
Subsidiaries of Integrated Research Limited:			
Integrated Research Inc	USA	100%	100%
Integrated Research Singapore Pte Limited	Singapore	100%	100%
Integrated Research UK Limited	UK	100%	100%
Subsidiaries of Integrated Research UK Limited:			
Integrated Research Germany GmbH	Germany	100%	100%

Note 26. Reconciliation of cash flows from operating activities

In thousands of AUD	Consolidated 2023	2022
(Loss)/Profit for the year	**(29,226)**	1,545
Depreciation and amortisation	**11,787**	12,789
Provision for expected credit loss	**(987)**	(48)
Interest received	**(2,243)**	(2,049)
Interest paid	**68**	225
Share-based payments expense	**773**	922
Impairment	**31,778**	–
Net exchange differences	**2,059**	(302)
Change in operating assets and liabilities:		
(Increase)/decrease in trade debtors	**6,341**	10,704
(Increase)/decrease in future income tax benefit	**261**	(21)
(Increase)/decrease in other operating assets	**(1,119)**	(632)
Increase/(decrease) in trade and other payables	**(2,230)**	(50)
Increase/(decrease) in other operating liabilities	**(1,203)**	(1,305)
Increase/(decrease) in provision for income taxes payable	**415**	(126)
Increase/(decrease) in provision for deferred income taxes	**(2,487)**	(4,557)
Increase/(decrease) in other provisions	**(169)**	(155)
Net cash from operating activities	**13,818**	16,940

Note 27. Key management personnel disclosures

Key management personnel compensation

The key management personnel compensation are as follows:

In thousands of AUD	Consolidated 2023	2022
Short-term benefits	**1,946,001**	1,596,548
Post-employment benefits	**108,584**	98,199
Long term benefit	**10,228**	18,891
Equity compensation benefits	**351,769**	466,495
	2,416,582	2,180,133

Apart from the details disclosed in this note, no Director has entered into a material contract with the consolidated entity since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end.

Notes to the Financial Report

for the year ended 30 June 2023

Note 28. Related parties

At 30 June 2023 Mr Steve Killelea, the founder of IR, owned either directly or indirectly 29.97% of the Company (2022: 30.3%). A related entity of Mr Killelea provided consulting services totaling $33,333 in the year ended 30 June 2023 (2022: $100,000). The payable balance as at 30 June 2023 Is nil (2022: $16,667).

Note 29. Parent entity disclosures

Financial Position

	Parent Entity	
In thousands of AUD	2023	2022
Assets		
Current assets	**50,026**	49,157
Non-current assets	**1,411**	32,357
Total Assets	**51,437**	81,514
Liabilities		
Current Liabilities	**10,536**	14,361
Non-current liabilities	**907**	2,533
Total Liabilities	**11,443**	16,894
Net Assets	**39,994**	64,620
Equity		
Issued Capital	**1,667**	1,667
Employee benefits Reserve	**6,754**	5,996
Retained Earnings	**31,573**	56,957
Total Equity	**39,994**	64,620

Financial Performance

	Parent Entity	
In thousands of AUD	2023	2022
Loss for the year	**(25,384)**	(1,196)
Other comprehensive income	**–**	–
Total comprehensive income	**(25,384)**	(1,196)

Investments in subsidiaries are included at cost.

Note 30. Subsequent events

There has been no transaction or event of a material or unusual nature that has arisen in the interval between the end of the financial year and the date of this report which is likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

Directors' Declaration

In accordance with a resolution of the Directors of Integrated Research Limited, we state that:

1. In the opinion of the Directors:
    a) the Financial Report and notes of Integrated Research Limited for the financial year ended 30 June 2023 are in accordance with the *Corporations Act 2001*, including:
        i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
        ii) complying with Accounting Standards and the Corporations Regulations 2001;
    b) the Financial Report and notes also comply with International Financial Reporting Standards as disclosed in Note 1; and
    c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the Directors by the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2023.

This declaration is made in accordance with a resolution of the Directors.

Dated at North Sydney this 25th day of August 2023.

Peter Lloyd
Chairman

John Ruthven
Managing Director and Chief Executive Officer

Auditor's Independence Declaration

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

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Fax: +61 2 9248 5959
ey.com/au

Auditor's independence declaration to the Directors of Integrated Research Limited

As lead auditor for the audit of the financial report of Integrated Research Limited for the financial year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Integrated Research Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Julian M. O'Brien
Partner
25 August 2023

Independent Auditor's Report

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Independent Auditor's Report to the Members of Integrated Research Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Integrated Research Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Independent Auditor's Report

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We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Revenue recognition for multiple-element arrangements

Why significant	How our audit addressed the key audit matter
As at 30 June 2023 the Groups revenue streams during the year consist of Licence fees \$45.6 million, Maintenance fees \$14.7 million, Subscription fees \$2.5 million, Testing solution services \$3.3 million and Professional services \$3.7 million as presented in the consolidated statement of comprehensive income. Note 1 to the financial statements discloses the associated accounting policies. The majority of the Group's sales contracts involve multiple-element arrangements, for example a single software sales transaction that combines the delivery of a software license and rendering of maintenance and other professional services. Revenue recognition for multiple-element arrangements was considered to be a key audit matter due to the complexity of the multi-element contracts and the judgment required to allocate the revenue amongst respective contracted activities.	Our audit procedures included the following: ► Assessed the appropriateness of the Group's revenue recognition accounting policies relating to multi-element arrangements in accordance with AASB15 Revenue from contracts with customers. ► For a sample of contracts, • assessed the Group's identification and separation of each element and assessed whether the allocation of total contract revenue to each element in the multiple-element arrangements is correct based on the underlying contract terms. • assessed whether the revenue recognition criteria of each element in the multiple-element arrangements had been met in accordance with AASB 15, which included the determination of whether the control associated with the relevant licensed software passed to the customer in the reporting period. ► Assessed the adequacy of the disclosures included in the Notes of the financial report.

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Impairment of goodwill and long-lived assets

Why significant	How our audit addressed the key audit matter
As disclosed in Note 17 the Group performed an annual impairment test per 30 June 2023 to assess the carrying value of goodwill and other long-lived assets. The impairment assessment is complex and judgmental, as it includes assumptions and estimates that are affected by expected future performance and market conditions such as cash flow forecasts, growth rates, discount rates and terminal value assumptions. As a result of the impairment test, an impairment charge was recognized of $31.8 million in the current year against Intangible assets ($28.6 million), Right-of-use assets ($2.7 million) and Property, Plant and Equipment ($0.5 million) This was considered to be a key audit matter due to the value of the impairment charge relative to the Group's total assets and results, and the judgement involved in assessing the estimates included in the Group's impairment model.	Our audit procedures included the following: ► Evaluated the cash flow forecasts, which supported the recoverable value of the goodwill and impairment recognized. ► Compared the forecasts to the Board approved budgets and the four-year financial plan. We also assessed the historical accuracy of the Group's cash flow forecasting and budgeting processes. ► Involved our valuation specialists to assess the impairment testing methodology applied was in accordance with the Australian Accounting Standards, and to evaluate the key assumptions applied in the impairment model which include the growth rate, terminal value assumption and the discount rate. ► Tested whether the models used were mathematically accurate. ► Performed sensitivity analysis on the key assumptions. ► Assessed the allocation of the total impairment charge to the Group's assets. ► Assessed the adequacy of the disclosures included in Note 17 of the financial report.

Independent Auditor's Report

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Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's 2023 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 30 of the Directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Integrated Research Limited for the year ended 30 June 2023, complies with section 300A of the Corporations Act 2001.

Independent Auditor's Report

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Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Julian M. O'Brien
Partner
Sydney
25 August 2023

Shareholder Information

Analysis of numbers of equity security holders by size of holding as at September 2023

	Class of equity security		
	Ordinary shares		
Holdings Ranges	Shareholders	Options Holders	Performance Rights Holders
1 -1,000	1,232	–	2
1,001 - 5,000	1,979	–	1
5,001 - 10,000	829	–	–
10,001 - 100,000	1,250	–	84
100,001 and over	32	3	23
	5,422	**3**	**110**

Fully Paid Ordinary Shares (Total)

Twenty largest security holders of quoted equity securities as of 20 September 2023

Rank	Name	Units	% Units
1	STEPHEN JOHN KILLELEA	51,880,619	29.71
2	CITICORP NOMINEES PTY LIMITED	13,463,235	7.71
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,578,328	3.19
4	MR NICHOLAS BARRY DEBENHAM + MRS ANNETTE CECILIA DEBENHAM <N & A DEBENHAM S/FUND A/C>	5,488,520	3.14
5	B & R JAMES INVESTMENTS PTY LIMITED <JAMES SUPERANNUATION A/C>	3,000,000	1.72
6	ANDREW RHYS RUTHERFORD	2,794,210	1.60
7	SANTOS L HELPER PTY LTD <THE VAN PAASSEN FAMILY A/C>	2,700,000	1.55
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,459,722	1.41
9	MR NICHOLAS BARRY DEBENHAM <NICHOLAS DEBENHAM FAM A/C>	2,118,200	1.21
10	BNP PARIBAS NOMS (NZ) LTD <DRP>	1,617,577	0.93
11	NULIS NOMINEES (AUSTRALIA) LIMITED <NAVIGATOR MAST PLAN SETT A/C>	1,026,960	0.59
12	MRS NIRMAL KAUR GHUMMAN	1,001,000	0.57
13	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	999,909	0.57
14	ANACACIA PTY LTD <WATTLE FUND A/C>	922,441	0.53
15	CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	861,994	0.49
16	GARRETT SMYTHE LTD	828,928	0.47
17	TEN TALENTS (2020) LIMITED <FIVE TALENTS A/C>	793,841	0.45
18	MISS SHARON MARGARET MCLACHLAN	751,894	0.43
19	MS KYLIE LYNETTE NUSKE + MR MATTHEW JAMES COOK <VISION SPLENDID SUPER A/C>	625,000	0.36
20	NAVIGATOR AUSTRALIA LTD <MLC INVESTMENT SETT A/C>	554,137	0.32
	Totals: Top 20 holders of FULLY PAID ORDINARY SHARES (Total)	**99,466,515**	**56.97**
	Total Remaining Holders Balance	**75,142,114**	**43.03**
	Total Number of Ordinary Shares on Issue	**174,608,629**	**100.00**

Shareholder Information

Unquoted equity securities

	Number on issue	Number of holders
Option issued under the Integrated Research Limited Employee Option Plan to take up ordinary shares	1,147,332*	3
Performance Rights issued under the Integrated Research Limited Performance Rights and Option Plan to take up ordinary shares	4,914,397**	110

* Number of unissued ordinary shares under the Options.

** Number of unissued ordinary shares under the Performance Rights.

On-market buy-back

There is no current on-market buy-back.

Substantial holders

Substantial holders in the Company are set below:

	Number held	Percentage
Stephen John Killelea*	51,880,619	29.71

* Includes direct and indirect holdings at 20 September 2023.

Voting rights

The voting rights attaching to each class of equity securities are set out below:

1. Ordinary shares

On a show of hands every member present at a meeting in person or proxy shall have one vote and upon a poll each share have one vote.

2. Options

No voting rights.

3. Performance rights

No voting rights.

Other information

Integrated Research Limited, incorporated and domiciled in Australia, is a publicly listed Company limited by shares.

Corporate Directory

Directors

Peter Lloyd
Independent Non-Executive Director and Chairman

John Ruthven
Managing Director and Chief Executive Officer

Cathy Aston
Independent Non-Executive Director

Allan Brackin
Independent Non-Executive Director

Anne Myers
Independent Non-Executive Director

James Scott
Independent Non-Executive Director

Company Secretary

Will Witherow

ABN

76 003 588 449

Registered Office

Level 9, 100 Pacific Highway
North Sydney NSW 2060

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Share Registry

Computershare

Solicitors

Ashurst
Level 11, 5 Martin Place
Sydney NSW 2000

Bankers

HSBC Bank Australia
Westpac Banking Corporation

Securities Exchange Listing

Australian Securities Exchange Code: IRI

Country of Incorporation

Integrated Research Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Notice of Annual General Meeting

The 2023 Annual General Meeting of Integrated Research Limited will be held on Wednesday, 22 November 2023.
A formal Notice of Meeting will be released in October.

Asia Pacific/Middle East/Africa

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