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ASX Market Announcements Office
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2023 Annual General Meeting Addresses

Integrated Research Limited (ASX: IRI) will address shareholders at its Annual General Meeting, to be held on 22 November 2023 at 10:00am at the Museum of Sydney and streamed live via webcast. The Chair and CEO Addresses are included within this release, to be followed by the Annual General Meeting presentation.

By authority of the Board

Will Witherow
Company Secretary
Integrated Research Limited
ABN 76 003 588 449

Integrated Research Limited – 2023 Annual General Meeting

Chair's Address

Good morning, ladies and gentlemen and welcome to IR's 2023 Annual General Meeting. It is a pleasure to see you all here today.

Last year, we shared our focus on transforming this business in the face of external and internal execution challenges. Many of these challenges persisted into this year so 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. The Execution phase has been extended, while we remain focused on getting the business fundamentals right.

Through the year, we refined 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.

All regions experienced growth in Total Contract Value[1]. APAC continued its strong growth trajectory, and finished the year up 36%, with growth due to healthy renewals and new business, primarily in Collaborate. Europe too, continued its return to growth, finishing with improved performance, up 18%[2] on the prior corresponding period due to large contracts being renewed across all product lines. Our largest geographic region – the Americas, also generated growth. Whilst modest, Total Contract Value was up 5%[2] on the prior corresponding period, again due to large contracts being renewed across all product lines.

After a challenging couple of years, there are positive signs that the business is stabilising and is experiencing early signs of growth. Whilst challenges persist, particularly within our Collaborate product, where churn is expected to remain at elevated levels, as customers migrate into the cloud-based environments, we are still winning business from larger customers requiring bundled on-premises / cloud-based solutions. Longer-term, the evolution of the cashless economy, provides us with

[1] *including services*
[2] *Local currency*

continued optimism around our Transact business. Our FY23 results demonstrated our commitment to transform our business into a more efficient organisation.

Our effort is not only to identify opportunities, but to better execute on how we do business. A key focus has been, and continues to be, 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 to self-fund future strategic options.

Customers have acknowledged the value we bring to them through our annual customer survey, 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 third-party alliances and partnerships to expand our value proposition.

We have defined a clear and consistent set of priorities as we work hard to build upon our business growth trajectory. We also have a strengthened cash position and repaired balance sheet, thanks to the work of our CFO, Matthew Walton, and his team. Through prudent cost management, operational performance, and further revenue growth, we will continue to improve the company's working capital position in support of growth.

Shortly, I will ask John Ruthven, our Managing Director and CEO to present the CEO's address, where he will step you through the performance of our individual Collaborate, Transact and Infrastructure product areas, and our focus for FY24 in more detail.

Turning now to the Board. I would like to thank Allan Brackin who left us recently after serving two years on the Board as a Non-Executive Director, Chair of the Nomination and Remuneration committee and member of the Audit and Risk Committee. We thank Allan for his many significant contributions. Allan's vacancy was recently filled by Michael Hitz, and in accordance with IR's Constitution is up for election at today's meeting. Michael brings a wealth of experience in strategy, innovation and investment.

Also with us today is Mark Brayan who has been nominated by a shareholder as a Non-Executive Director. I will ask Mark and Michael to introduce themselves formally later in the meeting.

After six years as a Non-Executive Director, Anne Myers has announced her intention to retire from the Board. We sincerely thank Anne for the many years of dedication she has shown to Integrated Research and the wisdom she has contributed through her tenure. Most recently, Anne served as the Chair of the Technology and Innovation Committee and was previously the Chair of the Audit and Risk Committee.

I would like to acknowledge the extensive support of my fellow directors, Peter Lloyd and James Scott. Their commitment and dedication to IR is constant and inspiring.

On behalf of the Board, I would like to thank our CEO, John Ruthven his Executive Leadership Team, and all IR employees who have worked hard throughout the year and are committed to seeing the business prosper and grow. In closing, I would also like to extend our gratitude to our customers and shareholders.

Thank you.

Integrated Research Limited – 2023 Annual General Meeting

CEO's Address

Slide 5 – CEO Address

Thank you, Cathy. Good morning and welcome. Following on from Cathy's address, I will provide a recap of last year's financial performance as well as a company update and conclude with a high-level trading update in the form of a year-to-date summary report.

As I reflect on the FY23 year and FY24 year-to-date it is important to balance some of the headwinds and tailwinds. We worked hard to improve the working capital and cash position of the company. We have tightened our fiscal management, including an overall reduction in employee numbers. We have tempered more speculative R&D investment to focus on near-term, customer driven requirements.

Despite the re-focus of our go-to-market, and a YTD TCV position that is ahead of last year, churn in Collaborate remains a concern. This is driven by customer decisions to adopt cloud-based collaboration infrastructure. However, our value proposition remains stronger in large, multi-vendor enterprises where these is a longer-tail to on-premises infrastructure. We have a plan to grow in FY24 and are executing to that.

Slide 6 – We are IR

Moving to slide 6.

Integrated Research, or IR as we are better known, is a global software company providing performance and experience monitoring solutions for critical business systems. We have three product lines: Collaborate for unified communications and UCaaS, or unified communications as a service; Transact, which sits in the payments space; and our Infrastructure product for Hewlett Packard Enterprise or HPE non-stop environments.

Common to the customer use cases that we support are complexity, mission criticality and scale.

Slide 7 – Blue Chip Customer Base

Now on slide 7.

The underlying strength of IR's business model is our customer base. These customers are large, well known global enterprises across key industries including technology, telecommunications, financial services, government, healthcare, higher education, and retail. Our customer base is long-tenured, on multi-year, non-cancellable contracts, with mission-critical requirements.

Slide 8 – Full Year Performance Review – Statutory (A$M)

On Slide 8 we summarise our statutory results.

The Company achieved normalised 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). Statutory revenue for the period was $69.8 million, up 11% over the prior year. The strong performance resulted from improved sales execution, a larger renewal book, and healthier external trading conditions. The FY23 licence renewal book grew by 10% (or $4M) through price increases (of $3M) and term extensions (of $1M).

Cash receipts from customers totalled $76.3 million, up 1% over the prior period. The Company continues to benefit from term-based non-cancellable licence contracts with a high-quality customer base, an increase in cash receipts, and an increase in cash at bank, which continues due to a strong focus on cash management.

Slide 9 – Full Year Performance Review - Proforma (A$M)

Now on slide 9 and switching to pro forma results.

The lead performance indicator, Total Contract Value (TCV) was $68.5M for the year, up 21% on the prior corresponding period.

We continue to report revenue on a proforma subscription basis, which, while a lag measure, we believe is more reflective of the long-term underlying performance of the business. Subscription revenues for the period were $68.3M, marginally down as a result of lower new client sales and non-renewals from FY22 and FY23.

Revenue from testing solutions and services contributed to the period-on-period decrease in total proforma revenue, as the year had a large renewal focus. Proforma EBITDA dropped 28% as result of lower revenue and cost increases due to inflationary pressure and a one-off US loan forgiveness in FY22. Our cash conversion rate for the year improved to 101% as result of the strong cash collection in the year.

Slide 10 – Balance Sheet

The key balance sheet metrics shown on slide 10 shows a 31% decline in net assets as a result of the $31.8M impairment of goodwill and intangible assets. Cash and trade receivables increased $1m on the prior year., Receivables remain a strong source of cashflow in the current and future years. The Company remains free of debt.

Slide 11 - Product Strategy

Moving to strategy, I am on slide 11.

Our three-phase strategy of innovation, execution and scale remains intact, albeit with an extended execution phase. Core to this phase is strengthening our business fundamentals. Our strategy remains focused on three product-lines, Collaborate, Transact & Infrastructure, noting a close synergy between our Transact and Infrastructure business.

The execution phase is focused on enhancing our ability to win new business – both new customers and new products to existing customers. In our Collaborate business we target large, complex, multi-vendor enterprises, where our value proposition and price point resonate more strongly. Also, enterprises where there will be a longer-tail for on-premises – our traditional business. These include organisations like large critical health care providers, higher education institutions and law enforcement. To accelerate our innovation for these customers, we often work in a co-development engagement – focusing on smaller, targeted pieces of work.

Two significant drivers of demand for Transact are compliance and real-time payments. ISO 20022, an electronic messaging global standard for financial information is driving compliance issues for large financial institutions and payment processors. For some years now, 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.

Slide 12 – Collaborate – Strategy and Roadmap

Now on slide 12.

The customer journey is at the core of our Collaborate strategy. The collaboration space has been going through significant disruption for a number of years, not just the structural market change of work-from-home, but the rapid innovation in the applications, infrastructure and devices that define the collaboration space.

Three major challenges we are facing; a) customers moving away from their on-premises infrastructure (our core strength); b) vendor trouble-shooting tools for cloud-based deployments; and c) data limitations from vendor APIs.

In response, we are leveraging our extensive large enterprise customer base, where the average number of seats is >25,000. Our GTM is focused on large multi-vendor customers and prospects, where scale and complexity play to our core strengths and price-point. We can grow with customers through renewal yield, upsell of seats and new products. To deliver on this, we have re-focused our product investment to differentiate from vendor tools, or simply stated as value beyond the vendor tools and then working with vendors on 'migration assurance'.

Slide 13 – Collaborate Customer Wins

Moving to slide 13, Collaborate customer wins.

In July, we closed an important renewal with a large US financial services company. Our solution provides a single view across their 29,000-seat environment, allowing them to proactively monitor, alert and troubleshoot issues from Avaya to MS Teams.

In June, Cigna Healthcare renewed and expanded IR's full suite of Cisco products to monitor and trouble-shoot their critical voice and video environment. Several years ago, they acquired a large organisation and recently made the strategic decision to consolidate the two collaboration environments and standardise on IR. Critical to this process is migration assurance and our new agreement gives them the tools and the capacity to do this, growing our license from 80,000 seats to 135,000 seats and extending the term for another three years. In October, they also renewed their StressTest agreement for up to 12,000 concurrent calls.

We added a new service provider customer in the US in September, for a 3-year term. They will utilise an extensive suite of IR products to monitor their managed services platform.

Slide 14 – Transact and Infrastructure – Strategy and Roadmap

On slide 14 we take a look at the Transact and Infrastructure strategy and roadmap.

The Transact and Infrastructure segment is a dichotomy of systems, processes and infrastructure that have been around for forty years and are being disrupted with modern payment methods, driven by customer experience. This is capped off with a demanding compliance, standards, and services-level environment, with serious penalties for breach or failures and a large dominant vendor landscape.

The challenges for IR reflect this dichotomy; a) customers are slow to adopt new products; b) it is difficult to project how the segment evolves with cloud; c) aligning to large vendor priorities can be difficult; and d) in a dynamic market new competition emerges.

To address these challenges, we have re-balanced our GTM to align with our customer's journey more closely. We will benefit from the long-tail of on-premises, our core strength. At the same time, we are broadening our monitoring strategy to an 'ecosystem play' to increase our value proposition. And, leveraging targeted co-development opportunities with key customers to better align to near term opportunities.

Slide 15 – Transact Customer Wins

On slide 15 we take a look at a couple of YTD Transact customer wins.

Earlier, I talked about countries rolling out real-time payment schemes and modernising their payment platforms. Network International LLC signed a 3-year renewal and extension of their IR solutions to support their expansion in the Middle East & Africa and the modernisation of their systems.

A core strength of IR's customer base is the longstanding nature of our customer relationships. Worldpay, a large payment processor based in the United States has been an IR customer since 2003. In September, we signed a new 5-year renewal for our cards monitoring product to continue to ensure their e-payments networks are operating at optimal levels.

Slide 16 – FY24 Key Priorities

Slide 16 captures our priorities for FY24. There is not too much change from FY23 – 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. We are confident in the plans we have in place, the design of the GTM model and leadership's commitment to growth.

2. We have rolled out a commission plan that rewards 'new'; our go-to-market design targets high-value new prospects and we have demand generation plans to build pipeline.

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 some of the challenges impacting Collaborate renewals.

4. We have budgeted to lower our operating cost base, in anticipation of a more constrained trading environment.

5. 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.

6. Our cash position has strengthened. Through prudent cost management and operational performance, we will continue to improve the company's working capital position to fund growth.

Slide 17 – YTD Summary Report

Coming to the final slide, I would now like to remind you that IR does not provide specific guidance. However, as we progress through FY24 we share the following progress report against our priorities to keep the market informed.

1. YTD TCV is ahead of pcp, and customer sentiment appears to have normalised. TCV growth is expected for the full year.
2. YTD new customer and new-to-existing TCV is ~20% of the pipeline supporting a new business growth outlook.
3. The renewals book exceeds the prior year, balanced across H1 & H2, and skewed towards Collaborate clients. Collaborate churn is expected to persist as clients migrate to a SaaS environment.
4. We have reduced headcount; operating budgets have been trimmed and operating expense is expected to be down on the prior year.
5. We anticipate reduced R&D spend through a targeted approach to product development and we expect capitalisation of R&D to be minimal.
6. The year-end cash balance is expected to be higher, assisted by increased sales, reset of cost base, and focused receivables collections program.

That concludes my presentation, and I will now hand back to Cathy.