

ASX Release 26 April 2021

Market update

Iress concludes QuantHouse earnout ahead of schedule with FY21 NPAT guidance upgraded. Trading year to date in line with expectations.

Iress today announced the finalisation of the acquisition payments to the vendors of QuantHouse, approximately eight months ahead of schedule.

Summary

- Bringing forward the end of the earnout period enables the full integration of the business. The release of the current provision results in a non-cash, post-tax gain to Iress' FY21 net profit after tax of \$14m.
- As a result, guidance for NPAT for FY21 in constant currency is being upgraded to \$70m-\$77m, from \$56m-\$63m.
- Iress' trading in the year to date is in line with expectations. For the three months to 31 March 2021, in constant currency, pro forma¹ segment profit is up 2% versus the prior corresponding period, and net profit after tax is up 11% (excluding the benefit of the provision release which will be recognised in Q2).
- Iress continues to make good progress executing growth strategies to build scale and drive operating leverage in large addressable markets. The guidance provided in February for Segment Profit in constant currency to be up 7%-10% this year is unchanged.

Operational highlights

- The deployment of Automated Super Administration is progressing with two clients expected to go live in 2021.
- In Australia, two thirds of services under Iress' Cloud transition program have now moved to Cloud. Global services migrated YTD increased 33% over FY2020.
- Two lenders are expected to go live with our mortgage lending software MSO this year. Good project activity and sales pipeline in the UK.
- OneVue's corporate and functional teams have been successfully integrated, meeting all milestones. The initial integration of OneVue and Xplan is on track for Q3 release.

A presentation has also been released to the ASX providing further details on the execution of these growth strategies and strategic priorities.

Iress chief executive Andrew Walsh said: "We are pleased to now complete the earnout arrangement for QuantHouse. QuantHouse is performing well, and we can now move to full integration of teams and strategy. Given the one-off positive impact to net profit from the provision release we are upgrading NPAT guidance for the year, which is provided with context and insight for investors into how the business is performing to date.

¹ Pro forma adjustments assume OneVue and O&M were owned for the prior corresponding period, excludes currency movements and the short term increase in annual leave costs. Refer to the reconciliation in the accompanying presentation.

"We continue to make good progress in building scale and improved returns in our key growth strategies. The guidance we provided in February for Segment Profit growth in constant currency of 7-10% is unchanged.

"2021 promises to be a productive year for Iress as we implement major client projects, integrate OneVue with Xplan and increase our revenue and margin in the UK as the market continues to recover.

"Our focus is clear. We continue to grow a highly competitive business with scale in key markets to drive margin expansion and increased returns on invested capital. We look forward to delivering on expectations as the year progresses."

Ends

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About Iress

Iress (IRE.ASX) is a technology company providing software to the financial services industry.

We provide software and services for trading & market data, financial advice, investment management, mortgages, superannuation, life & pensions and data intelligence.

Our software is used by more than 9,000 businesses and 500,000 users globally. We have over 2,000 people based in Asia-Pacific, North America, Africa, the UK and Europe.

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