



The Manager  
Company Announcements Office  
Australian Stock Exchange  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

20 February 2023

**IRESS LIMITED - RESULTS FOR ANNOUNCEMENT TO THE MARKET**

As required by the Listing Rules, Iress encloses for immediate release the following information:

1. **Appendix 4E; and**
2. **Iress' 2022 Annual Report**

Further, Iress confirms that its Annual General Meeting will be held at King & Wood Mallesons, located at Level 17, 447 Collins Street, Melbourne, Victoria on Thursday, 4 May 2023, at 11.30 am (AEST). In accordance with Listing Rule 3.13, Iress confirms that the closing date for receipt of nominations from persons wishing to be considered for election as director is Friday, 10 March as 2023, that date being 36 business days before the Annual General Meeting.

Yours sincerely

A handwritten signature in blue ink, appearing to be "P. Ferguson", with a long horizontal flourish extending to the right.

Peter Ferguson  
Chief Legal Officer & Company Secretary

# Appendix 4E

For the year ended 31 December 2022

## Preliminary Final Report

Figures are presented in Australian dollars, unless noted otherwise

Name of Entity	ABN reference
Iress Limited	47 060 313 359

### 1. Reporting periods

Financial year ended ('current period')	Financial year ended ('previous corresponding period')
31 December 2022	31 December 2021

### 2. Results for announcement to the market

Key information	Current period \$'000	Previous corresponding period \$'000	Percentage change increase/ (decrease)	Amount increase/ (decrease)
Revenue from ordinary activities	617,928	595,945	3.7%	21,983
Profit before income tax expense	67,920	92,866	(26.9%)	(24,946)
Net profit attributable to the members of the parent company	52,672	73,798	(28.6%)	(21,126)

### 3. Dividends

Dividend	Period date	Payment	Amount per share Cents	Franked amount per share
Final dividend*	31 December 2022	17 March 2023	30.0	0%
Interim dividend	30 June 2022	23 September 2022	16.0	25%
Final dividend	31 December 2021	18 March 2022	30.0	15%

\* The record date for the final dividend is 24 February 2023. A dividend reinvestment plan will not operate in respect of the final dividend.

### 4. NTA Backing

Net tangible assets backing per ordinary share	Current period Cents	Previous corresponding period Cents
Net tangible assets backing per ordinary share	(157.75)	(108.48)

NTA backing for the Group is negative, reflecting the nature of the majority of the company's assets relating to recognised intangible assets and unrecognised human capital responsible for creating and maintaining Iress. Net assets for the Group include right-of-use assets and lease liabilities arising from property and other leases.

### 5. Financial statements

For additional Appendix 4E disclosure, refer to Iress Limited's Annual Report, Full Year Results Media Release and Results Presentations lodged with the Australian Securities Exchange on 20 February 2023.

**2022**  
Annual Report

Technology to  
**perform better**  
every day



# We provide technology to **power** **financial services.**

## Our purpose

We believe technology  
should help people perform  
better every day.

## What are we trying to do?

Make it easy for people  
to love financial services.

## If we get there, what will we become?

The essential partner for forward-thinking  
financial services businesses.

## Our values

- We make things happen.
- We do things the right way.
- There's got to be a better way.
- Clients, clients, clients.





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Our vision & strategy pg 10



ESG & Iress Impact pg 12



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## AGM details

The AGM will be a hybrid event, with the option to attend online or in person on:  
**Thursday 4 May 2023**  
**11.30am AEST**  
**King & Wood Mallesons**  
**Level 27, 447 Collins Street**  
**Melbourne VIC 3000, Australia**

# 2022 highlights

## Continued revenue growth and attractive margins.

Delivering strong free cash flows and returns to shareholders.

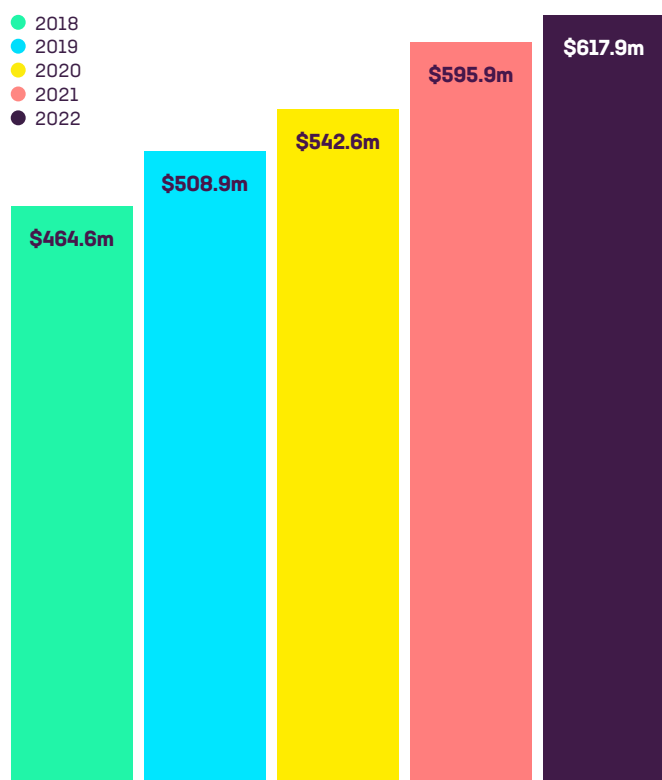
## Financial

Operating revenue AUD (m)

**\$617.9m**

+5% on a constant currency basis (vs 2021)

Consistent revenue growth with over 90% recurring<sup>(1)</sup>



Segment Profit AUD (m)

**\$165.1m**

Flat on constant currency basis (vs 2021)

Payout ratio<sup>(2)</sup>

**88%**

2021: 92%

Cash conversion<sup>(3)</sup>

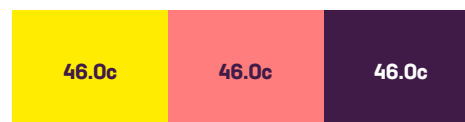
**84.4%**

2021: 81.7%

Net Profit After Tax (NPAT) AUD (m)



Dividend per share AUD (cents)



Free cash flow<sup>(4)</sup> AUD (m)



(1) Recurring revenue is made up of revenue from subscription and licence fees.

(2) Payout ratio defined as dividends dividend by sum of segment profit less operating depreciation and tax at 30%.

(3) Cash conversion defined as cash generated from operating activities divided by segment profit.

(4) Free cash flow is defined as cash generated from operating activities less taxes, net interest, capital expenditure and lease payments.

## Operational

### Cloud adoption

**5,700+**

client sites and services moved to the Iress Cloud Platform (ICP)

### Iress Community

**19,400+**

active users to date

## People and culture

**Introduced continued payment of retirement contributions on full salary for the duration of parental leave for a maximum of 12 months.<sup>(5)</sup>**

**Almost 10,000 'Long Weekend' days were taken by our people globally in 2022.**

Iress' 'Long Weekend' initiative has been so well received that we've decided to extend it in 2023 – giving people eight Long Weekend days instead of six per calendar year.

(5) Applies to employees in Australia, New Zealand, UK, South Africa, Tunisia & Canada.

## ESG

**Established a near term science-based emission reduction target, committing to:**

- Reduce scope 1 and 2 emissions

**46.2%**

by 2030 from a 2019 base year.

- Reduce scope 3 emissions by a minimum of

**18.5%**

by 2030 from a 2019 base year.



**Strengthened our support of Talent Beyond Boundaries** & won Partnership of the Year award together with Talent Beyond Boundaries in the Employee Mobility Institute's (TEMI) 2022 Australasian Workforce Management Awards.

## Iress Impact

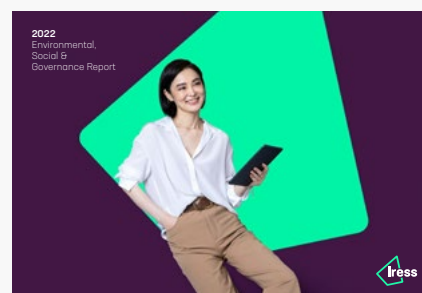
Iress Impact (formerly Iress Foundation) was established in 2017 to support charities, predominantly through fundraising and workplace giving. Since then, Iress Impact has contributed over \$1m to our local communities. As the initiative has evolved over the years, our focus has grown to include charitable donations, skilled volunteering and community support in areas where we can have the greatest positive impact.

**777**

volunteering hours

**\$202,544**

donated to charitable organisations



See [www.iress-esg-report-2022.com](https://www.iress-esg-report-2022.com)

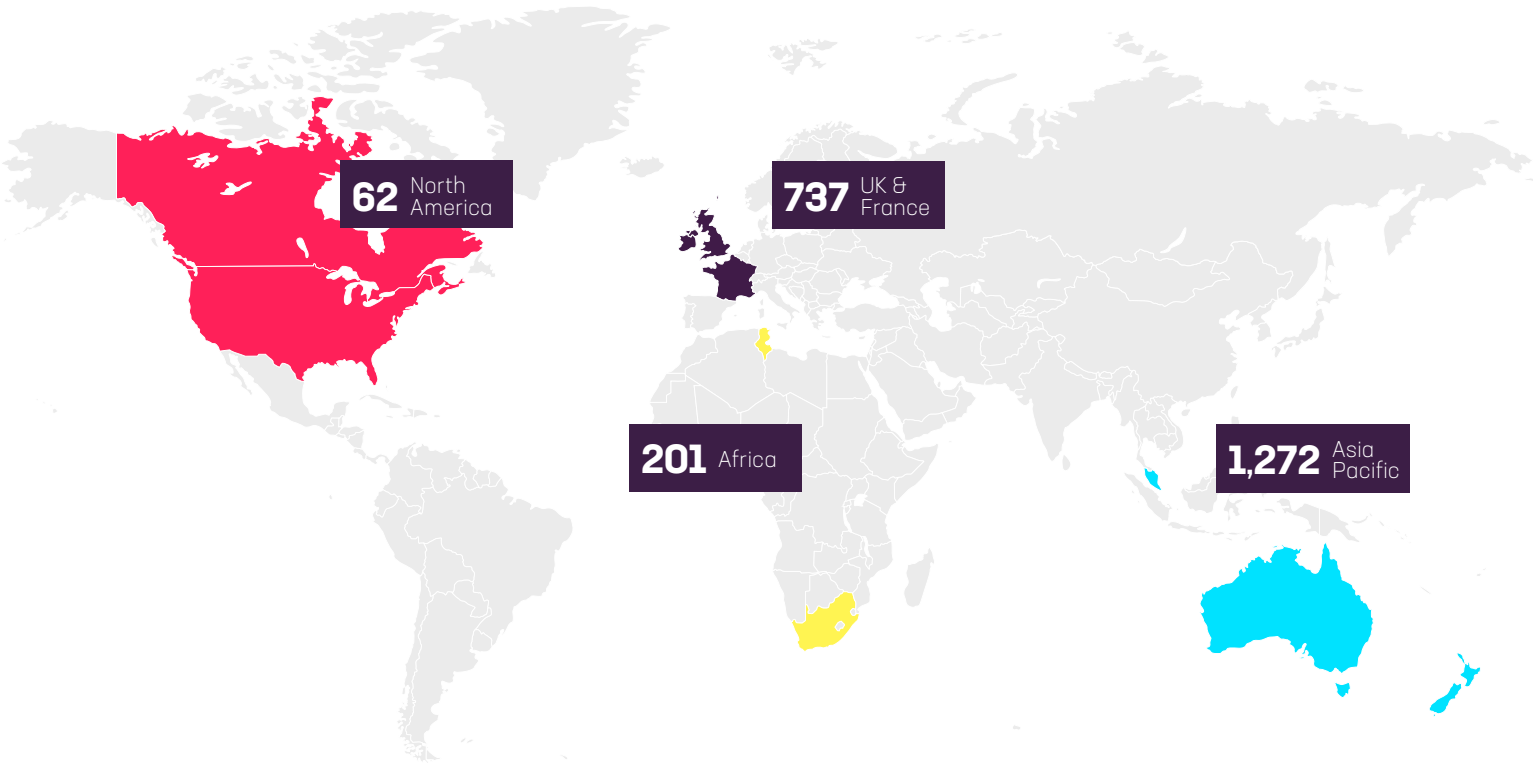


# Business overview

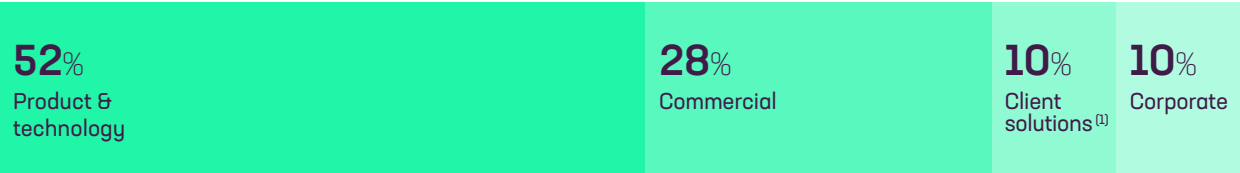
Iress is a **leading technology company**, designing and developing software and services for the financial services industry. Iress operates across Asia Pacific, the United Kingdom & Europe, Africa and North America.

## Our people and locations across the globe

**2,272**  
Total



## Where our people focus



<sup>(1)</sup> Client solutions deal with clients' business and technology design needs across multiple Iress products and services.



10,000+

Clients

500,000+

Users

550+

Integrations

## Software & clients

Our clients range from small retail to large institutional businesses across the financial services industry. Our technology sits at the centre of our clients' businesses, supporting their core operations with essential infrastructure and functionality, helping them to deliver to their clients, members and customers.

	Software		Clients
Financial advice	<b>Integrated financial advice software including:</b> <ul style="list-style-type: none"> <li>• client management</li> <li>• business automation</li> <li>• portfolio data</li> <li>• research</li> </ul>	<ul style="list-style-type: none"> <li>• financial planning tools</li> <li>• scaled advice journeys</li> <li>• digital client solutions</li> <li>• data-driven compliance and analytics</li> <li>• regulatory obligations management</li> </ul>	<ul style="list-style-type: none"> <li>• Institutional and independent advisory</li> </ul>
Trading and market data	<b>Global market data and trading software including:</b> <ul style="list-style-type: none"> <li>• market data</li> <li>• trading interfaces</li> <li>• order and execution management</li> <li>• smart order routing</li> <li>• FIX services</li> <li>• portfolio management</li> </ul>	<ul style="list-style-type: none"> <li>• securities lending</li> <li>• analytical tools</li> <li>• algorithmic trading</li> <li>• market making</li> <li>• CFD clearing</li> <li>• post trade solutions</li> <li>• trading and market data APIs</li> </ul>	<ul style="list-style-type: none"> <li>• Institutional sell-side brokers</li> <li>• Retail brokers</li> <li>• Online brokers</li> </ul>
Investment management	<b>Global investment management and trading software including:</b> <ul style="list-style-type: none"> <li>• portfolio management</li> <li>• order and execution management services</li> <li>• FIX services</li> <li>• analytical tools</li> <li>• connectivity</li> </ul> <b>Fund data distribution via Iress Blockchain</b>	<b>Integrated software solution including:</b> <ul style="list-style-type: none"> <li>• market data</li> <li>• order management</li> <li>• portfolio management</li> <li>• client relationship management</li> <li>• wealth management</li> </ul> <b>Funds administration services including:</b> <ul style="list-style-type: none"> <li>• fund registry</li> <li>• retail platform licensing and technology</li> </ul>	<ul style="list-style-type: none"> <li>• Investment managers</li> <li>• Investment platforms</li> <li>• Fund managers</li> <li>• Private client advisers and managers</li> <li>• Wealth managers</li> <li>• Custodians</li> <li>• Retail platforms</li> </ul>
Superannuation	<b>Superannuation administration software including:</b> <ul style="list-style-type: none"> <li>• fund registry</li> <li>• digital member portal</li> </ul>	<ul style="list-style-type: none"> <li>• digital advice solutions</li> <li>• fund administration services</li> </ul>	<ul style="list-style-type: none"> <li>• Superannuation funds</li> </ul>
Mortgages	<b>Multi-channel mortgage sales and origination software including:</b> <ul style="list-style-type: none"> <li>• automated workflow</li> <li>• application processing</li> <li>• connectivity</li> </ul>	<b>Mortgage intermediary software including:</b> <ul style="list-style-type: none"> <li>• mortgage comparison</li> <li>• mortgage advice</li> <li>• lender connectivity</li> </ul>	<ul style="list-style-type: none"> <li>• Mortgage lenders</li> <li>• Mortgage intermediaries</li> </ul>
Life and pensions	<b>Insurance and pension sourcing software including:</b>	<ul style="list-style-type: none"> <li>• quoting</li> <li>• comparison</li> <li>• application processing</li> </ul>	<ul style="list-style-type: none"> <li>• Institutional and independent advisory</li> <li>• Mortgage intermediaries</li> </ul>

# A new era for Iress

2022 marked the beginning of a new era for Iress with a changing of the guard from long-term CEO Andrew Walsh to Marcus Price. The strength of Iress' core business again proved resilient, with Australia delivering another impressive performance.

**Iress remains a systemically significant software and infrastructure player** in a strong and growing financial services industry, with significant potential for growth under refreshed leadership.

2022 was a year of change for Iress, which ushered in a new era of leadership.

In July 2022, former CEO Andrew Walsh announced his intention to retire after more than 20 years at the Company. Mr Walsh had served as CEO and Managing Director since 2009 and leaves a considerable legacy. Since taking over as CEO in 2009, he was instrumental in building Iress into a highly innovative market leader with a global footprint.

The appointment of Marcus Price followed a thorough succession planning, candidate search and evaluation process overseen by the Board, with a focus on ensuring a smooth transition and continuity of leadership.

At an Extraordinary General Meeting (EGM) on 29 September 2022, Iress Chair Roger Sharp formally welcomed Mr Price to his new role.

Mr Price came to Iress with over 25 years of experience leading transformative financial services and technology businesses, having previously been the inaugural CEO of PEXA Group, Australia's first digital property exchange. He has also held senior positions with NAB and Boston Consulting Group, and previously served in senior executive roles with both Equifax and Dun & Bradstreet.

Mr Price came to Iress with over 25 years of experience leading transformative financial services and technology businesses.

In Mr Price's address to the EGM, he highlighted his confidence in the Iress business, and his plans to improve the Company's earnings and return on capital, while guiding Iress to its next growth horizon.

# Letter from the CEO & Chair

Iress delivered a **solid performance** in 2022 but fell short of expectations. Constant Currency Segment Profit of \$166.8m and NPAT of \$54.0m were delivered in line with the revised guidance provided in September 2022. Underlying EPS<sup>(1)</sup> was up 10%, and recurring revenue grew by 5%.

On a reported basis, revenue was up by 4% while NPAT was down 29% to \$52.7m. EPS was also down 26% to 28.6c, with Segment Profit down 1%. The decline in reported NPAT and EPS was largely driven by non operating and significant items in 2021 which included a \$23.3m gain on the finalisation of earnout provisions relating to the QuantHouse and BC Gateways acquisitions. This 2021 gain was non cash.

## Strategic priorities

With new leadership at the CEO level, and new representation on the Board, Iress is confident in its ability to bring fresh perspective and energy to guide the Company to its next growth horizon. We will do this by optimising Iress' operating and commercial model, through reinvigorating its focus on customers, and through focusing on improving return on capital and earnings per share.

Following the change of leadership in October, a thorough analysis of Iress' performance commenced, assessing performance across geographies and segments, as well as the commercial and operating model in place. This analysis will inform some of the important decisions ahead, and in particular how capital is deployed to drive Iress' next stage of growth.

External expertise has been brought in to assist, and the results of this analysis will be shared with investors in late April 2023.

Great progress has already been made on transitioning Iress to a cloud-based architecture. 99% of all wealth management services have now been migrated to the cloud, with 85% of Iress clients now on weekly auto-updates, significantly improving software reliability and performance.

Since October, resources have been reallocated away from low-return initiatives to reinvest in core trading and advice software, and tactical initiatives have been launched to improve client experience and accelerate innovation.

We also successfully launched Investment Infrastructure in November, with a focus on providing efficient connectivity between Xplan and third-party investment platforms and insurers to deliver greater efficiency for advisers.

Significant progress has also been made on a new digital advice capability as we reimagine the future of advice in Australia and globally, while work has commenced on new front-end mobile apps for advice and trading.

A new sales incentive scheme will be launched shortly to continue to fuel our growth in Australia and around the world. We are reassessing the way we remunerate our employees in line with our need to accelerate sales.

## ESG

Iress continued to make good progress on our environmental, social and governance (ESG) approach. In 2022 we were again recognised by the Australian Council of Superannuation Investors (ACSI) in their assessment of ESG reporting by ASX200 companies. Iress was one of just six ASX 200 technology companies to achieve a 'Detailed' rating - recognising our commitment to transparency.

Having established a robust 2025 ESG approach in 2021, Iress set to work progressing against our ESG goals and we continue to focus on specific areas we can support where it makes sense for us to do so. We are committed to effectively managing risks across our operations, including cyber security, modern slavery and climate change.

Key highlights in 2022 included establishing a near term science-based emission reduction target, developing our inaugural response to the Task Force on Climate-related Financial Disclosures (TCFD), strengthening our support of Talent Beyond Boundaries, revising and strengthening our risk management framework and establishing an internal working group on modern slavery.

<sup>(1)</sup> Underlying EPS adjusts to exclude all non-operating and significant items after tax.

### Capital management

The Company is focused on improving earnings per share and achieving improved returns on capital deployed.

During 2021 we announced and launched an on-market share buyback for up to \$100m. We completed 48% of the \$100m on-market buyback in 2021, with the balance completed in October 2022.

In April, Iress announced it would be ceasing the planned divestment of our UK Mortgages business in light of declining technology valuations relative to the contribution of the business to the Group's performance.

### Board

In May 2022, John Cameron retired from the Iress Board, having served as a Non-Executive Director for 12 years. The Board thanks Mr Cameron for his considerable contribution.

In August 2022, it was announced that Anthony Glenning would join the Board as an independent Non-Executive Director.

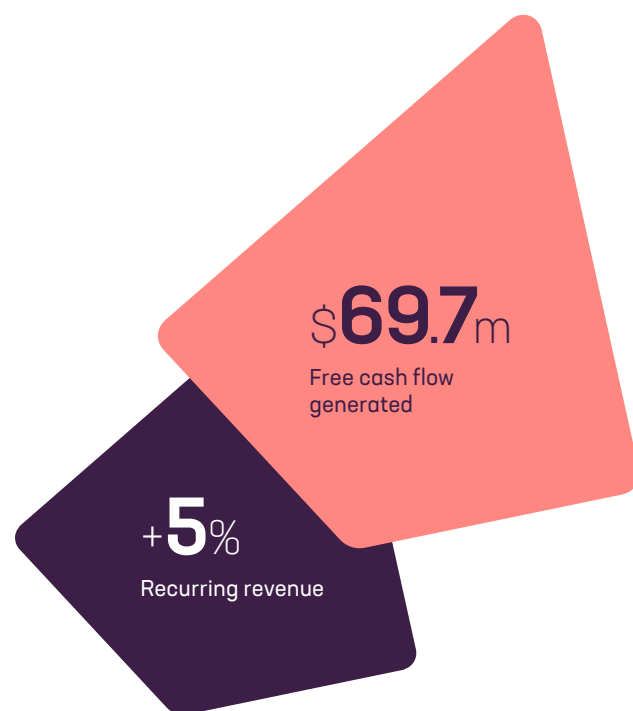
Mr Glenning has over 25 years' experience in the software industry, 14 of those living and working in Silicon Valley. He founded and sold Tonic Systems, a software company which now forms part of the Google Docs suite of products, to Google in 2007. Mr Glenning is currently the fund manager for Skalata Ventures, and a Non-Executive Director of Pro Medicus Limited (ASX.PME) and Austco Healthcare Limited (ASX.AHC).

### Financial results

On a reported basis, Iress' Segment Profit declined by 1% to \$166.2m, with reported NPAT down 29%. Reported Revenue grew by 4%. EPS was down 26% with ROIC also declining by 230 basis points to 8.2%.

On a constant currency basis, revenue increased 5%, with segment profit flat due to growth being offset by higher costs and increased investment.

Recurring revenue, which underpins our Group, increased by 5% over the period and makes up approximately 90% of total revenue.



Iress' core business in APAC delivered a strong performance, with constant currency revenue up by 6%. Superannuation, a key growth pillar in that market, grew revenue by 15% headlined by a new client win in Commonwealth Super Corporation (CSC). This business has a strong and growing pipeline, with the superannuation industry set to undertake significant technology and business process transformation over the coming years. Investment Infrastructure, another key strategic avenue in Australia, launched the Iress Connectivity Network in 2022, delivering the first step in providing digital connectivity between platforms and Xplan to deliver increased adviser efficiency.

Iress' UK & Europe business again delivered a disappointing result, with constant currency revenue growth of just 1%. While significant growth opportunities exist in the UK, the Company needs to improve shareholder returns in that market.

## Your dividend

The final dividend is 30 cents per share franked to 0%, bringing the full year 2022 dividend to 46.0 cents per share.

## Annual General Meeting

Iress will hold its Annual General Meeting (AGM) at 11.30am on Thursday 4 May 2023 at King & Wood Mallesons in Melbourne. The AGM will be a hybrid event with investors able to attend via video conferencing or in person.

## Thank you

Thank you to our shareholders, our clients and users, and to Iress' 2,272 people. We are tremendously optimistic about Iress' potential as it enters a period of reinvention and reinvigoration, and look forward to delivering a simpler, more efficient and future-focused business.



**Roger Sharp**  
Chair



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





# Our vision & strategy

## Simpler, faster, with **higher returns**

In July 2021, Iress outlined to the market our strategy goals aimed at accelerating growth and scale. Underpinning our vision of a simpler and faster Iress is a cloud-based technology architecture – a natural evolution of the rich set of capabilities we already have in our leading software applications today.



## Our progress

We are making good progress with the uplift of our technology architecture, with the blueprint design complete and foundations built. The migration of Iress' services to the Iress Cloud Platform (ICP) is a key step in this journey. The ICP fundamentally changes Iress' approach to product delivery for clients across different regions, enabling Iress people to better collaborate and engage around client-based outcomes and drive significant scale by reducing the time to deliver Iress services to customers.

What may have taken several weeks across several regional teams to execute in one product line can now be performed with a single button click in minutes, enabling Iress people to be up to 90% faster in developing, deploying, and upgrading software and services for clients.

Our other 2025 focus areas include investment infrastructure, the United Kingdom, and superannuation.

Focus area	Opportunity	2022 progress
Technology	Operational leverage, speed and response	<p>We have now <b>successfully migrated 5,700+ of Iress' services</b> (99%) to the ICP, including Xplan, CommPay, IPS, Docstore, and 100% of UK trading. This has resulted in client benefits such as:</p> <ul style="list-style-type: none"> <li>Over 70% improvement in upgrade times for enterprise-level clients and reduced client costs.</li> <li>Faster releases of new features and fixes enabling value delivery close to real-time.</li> </ul> <ul style="list-style-type: none"> <li>Greater resilience: enhanced support capabilities that enable the remediation of any issues before they impact clients, including an 80% reduction in the likelihood of severity 1 disruptions.</li> <li>85% of our clients are now receiving weekly automatic updates.</li> </ul> <p>We have also decommissioned seven legacy applications, with additional ones to come in 2023.</p>
Investment infrastructure	Automating advice execution	<p>The cost of advice provision and the impact this has on affordable access has been a significant focus in 2022. Our focus has been on increasing efficiency and advice automation through digitalisation.</p> <p>In 2022 we <b>launched our Connectivity Network</b>, which directly connects platforms and insurance providers with our Xplan advice software to streamline and simplify the advice and execution process, thereby increasing the number of clients that advisers are able to serve.</p> <p>Core to the Connectivity Network is the delivery of a new cloud-based infrastructure capability known as Xplan Affinity, which facilitates straight-through processing of client onboarding, trading, insurance applications, advice execution, client maintenance, and reporting.</p> <p>Two platforms and two insurers have signed MOUs to collaborate on the design and creation of the Connectivity Network, with more in the pipeline. This functionality will continue to be extended in 2023.</p>
United Kingdom	Significant revenue pool addressable by Iress' wealth solutions in the UK	<p>In the UK, Private Wealth and Trading continue to perform well with strong growth in recurring revenue.</p> <p>Retail Wealth saw a decline due to the loss of a large client in the first half of the year, which was not fully offset by new client wins.</p> <p>Having created a focused version of Xplan for the UK market, we saw good traction in 2022, winning over 120 new small clients and <b>successfully converting ~90% Adviser Office clients to Xplan</b>.</p> <p>With performance below par in 2022, we are focused on increasing returns on capital deployed in the UK.</p>
Superannuation	Transforming superannuation through automation and digitisation	<p>We are successfully executing our superannuation strategy.</p> <p>In 2022, we finalised a <b>master services agreement with Commonwealth Superannuation Corporation (CSC)</b> to adopt Iress' software, Acuity, for the administration of its defined benefit scheme members. CSC selected Iress as a key technology partner to improve member outcomes, reduce administration complexity and drive down the cost to serve through a digital-first approach.</p> <p>Onboarding of another major client making progress.</p> <p>We have a strong pipeline of opportunities to support clients in a complex industry.</p>

# Environmental, Social and Governance & Iress Impact

Continuing our commitment to a **sustainable future**

Iress believes it is critically important to play an active role in supporting the communities we serve, and to leave the world in a better place than we found it. Iress has made significant strides in our ESG approach and we continue to focus on specific areas we can support, where it makes sense for us to do so. We are committed to effectively managing risks across our operations, including cyber security, modern slavery and climate change.

Through Iress Impact (formerly Iress Foundation), we are committed to making a visible, reliable, and meaningful contribution to partner charities that align with the United Nations Sustainable Development (SDG) goals of quality education (SDG 4), decent work (SDG 8), and partnership for the goals (SDG 17).

For more information on our ESG initiatives, please refer to our 2022 ESG report.

## 2022 highlights

### Social & Iress Impact



Refined the focus of Iress Impact to support the delivery of:

- **Quality education** (SDG 4), with a focus on STEM education
- **Decent work** (SDG 8), with a focus on displaced people and refugees
- **Partnership for the goals** (SDG 17) through the provision of services to charities.



Strengthened our support of **Talent Beyond Boundaries** by making them Iress Impact's primary charity partner.

777

Total hours volunteered

17

charities supported directly by Iress Impact

\$202,544

donated to charitable organisations

### Environmental



Established a near term science-based emission reduction target, committing to:

- **Reduce scope 1 and 2 emissions 46.2% by 2030** from a 2019 base year
- **Reduce scope 3 emissions by a minimum of 18.5% by 2030** from a 2019 base year.

We are seeking validation for this target in 2023.

Continued our transition to a cloud based technology architecture:



5,700+

services to the cloud and retired

320+

physical servers.

Developed our inaugural response to the **Task Force on Climate-related Financial Disclosures (TCFD)** and established a 2022-2024 climate-related risk and opportunity roadmap to improve disclosure overtime.

### Governance



Revised and strengthened our risk management framework and risk management policy statement.

Established internal working group focused on modern slavery.

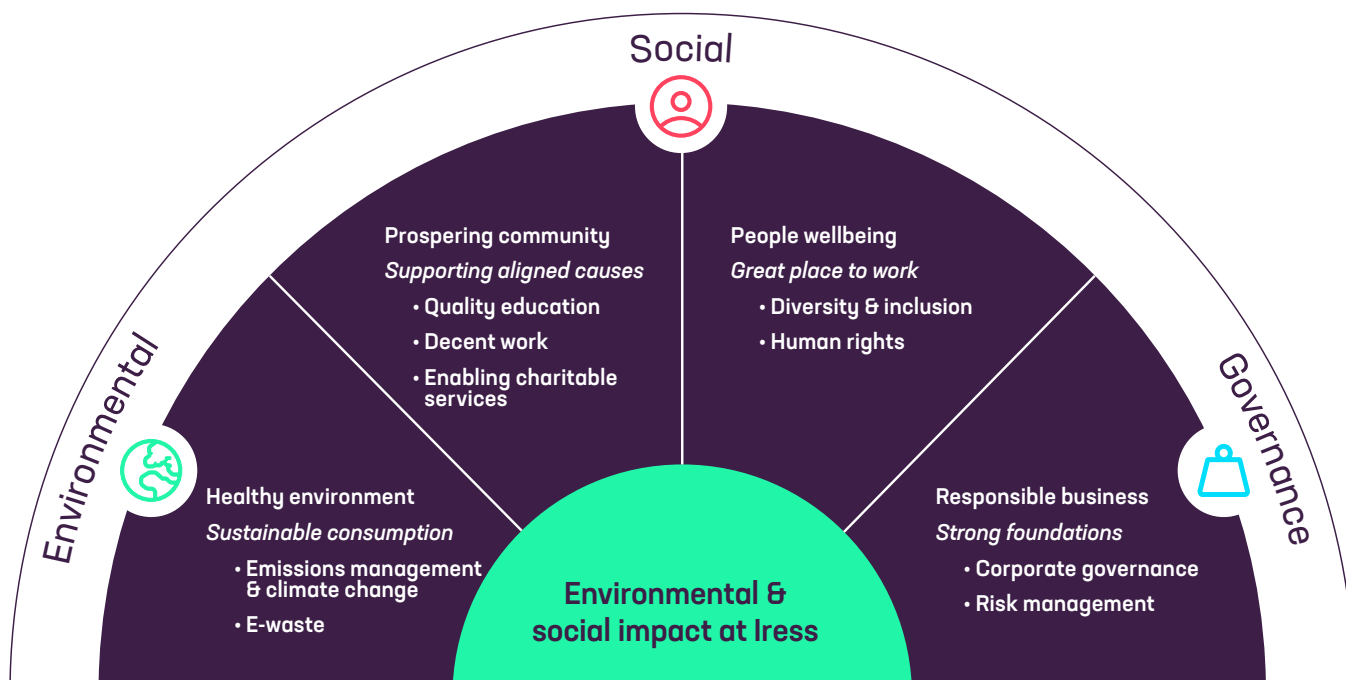
Continued internal education on human rights and modern slavery and developed 2023-2024 modern slavery roadmap to improve transparency in our supply chain.



Continued to roll out the 2021-2023 information security strategy to **strengthen our security culture and systems.**

## Our 2025 environmental and social impact roadmap

centres on four key pillars:



## Our 2022 progress on this roadmap includes:

Healthy environment	Prospering community	People wellbeing	Responsible business
<p><b>Established near-term 2030 science-based emission reduction targets</b> across scope 1, 2 and 3 and expanded our emissions reporting boundary. Science-based target due for validation by Science-Based Targets initiative in 2023.</p> <p><b>Created e-waste partnerships</b> in every region where Iress operates.</p>	<p><b>Progressed our sustainable procurement procedures and policies</b>, including modern slavery and environmental impact.</p> <p><b>Extended our internal giving and volunteering platform beyond the UK and Australia</b> to improve management of our volunteering opportunities and increase access to payroll donations.</p>	<p>Developed an internal global calendar of events to foster a <b>culture of inclusion of belonging</b>.</p> <p><b>Progressed our work on diversity, equity and inclusion</b>, surveyed our people and developed a revised strategy due for implementation in 2023.</p> <p><b>Developed First Nations Australians inclusion program</b> including information on Acknowledgement of Country and a plan to install plaques at our Australian offices.</p>	<p><b>Revised and strengthened</b> our risk management framework and risk management policy statement.</p> <p><b>Conducted climate risk assessments</b>, responded to the recommendations from the Task Force on Climate-related Disclosures and developed a roadmap to improve disclosure overtime.</p> <p><b>Continued to strengthen our approach to cyber security</b> through global training and system improvements.</p>

## Iress Impact

Iress Impact (formerly Iress Foundation) was established in 2017 to **focus effort and support towards an already strong and engaged community**. Guiding principles established still remain relevant today: facilitate, support, and promote people engagement; make a visible, reliable, and meaningful contribution to partner charities.

Some of the causes we supported through Iress Impact in 2022 include:

### Talent Beyond Boundaries

Talent Beyond Boundaries (TBB) is a global not-for-profit that works with governments and businesses to give refugees and other displaced people access to skilled employment opportunities. Iress has partnered with TBB since 2017 and since then, Iress has hired and relocated six skilled refugees and their families to Australia and the UK through the TBB program, as well as provided financial support for TBB to enable people in more locations to access skilled migration pathways.

In 2022, we expanded our partnership with TBB to provide more reliable and meaningful support to their work and efforts. The expanded partnership includes a fixed financial agreement of \$750,000 over five years, in addition to pro-bono technical volunteering and communications and marketing support to further promote the benefits of TBB's skilled migration program in Australia and around the world.



### River Nile School

In 2022 we formed a new partnership with the River Nile School an independent senior school for young women in Australia. The school aims to re-engage refugee and asylum seeker school-aged young women who may have experienced disrupted schooling, and help them to find a flexible learning environment most suitable to their circumstances. In 2022 we visited the school as part of their annual Careers Day and we hosted 12 students for a five week internship to support their ongoing development and pathways to employment in 2023.





## Iress iSchoolAfrica

In South Africa we sponsor the **Iress iSchoolAfrica #MyFuture** Programme for 70 students at Lehlabile Secondary School in Mamelodi. This program empowers students in grades 11 and 12 from disadvantaged backgrounds who have the potential to succeed, through a combination of iPad technology, access to relevant curriculum content and online subject-focused lessons.

In 2022, Iress supported iSchool Africa in the following ways:

**80**

students provided with iPads

**3**

online sessions per week

**7**

subjects covered

**16**

sphero robots provided - a robotic ball programmed with code by participants

Supported grade improvement in science subjects by

**13%**



## Seeds of Africa

Our Johannesburg team has played an important role in working with Seeds of Africa, which aims to provide students, families, and their networks with resources to alleviate poverty and reinvest in their local community. Seeds of Africa also supports Healing Words Creche - a creche which provides shelter to over 55 children under the age of six in one of the less fortunate townships in Johannesburg.

## Caring for Communities and People

Our Cheltenham team in the UK dedicated 144 hours of their time to help Caring for Communities and People, an organisation focused on preventing the causes and reducing the effects of homelessness, family breakdown and exclusion since 1989. Iress' people volunteered to collect, sort and deliver festive food and gifts for those in need as part of their Hamper Scamper initiative, packing around 800 boxes for the community.



# Iress leadership team

**Our greatest asset at Iress is our people.** Supporting them is a leadership team committed to achieving Iress' mission of making it easy for people to love financial services.

**Peter Ferguson**

Chief Legal Officer &  
Company Secretary

**John Harris**

Chief Financial  
Officer

**Kelly Fisk**

Chief Communications  
& Marketing Officer

**Simon New**

Chief Commercial  
Officer





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

**Andrew Todd**  
Chief Technology  
Officer

**Julia McNeill**  
Chief People  
Officer

**Joydip Das**  
Chief Product  
Officer



# Board of Directors



## **Roger Sharp**

**Independent Non-Executive Director**  
(since February 2021) & **Chair**  
(since May 2021)

Roger has global experience in technology, financial markets and governance. During his career he has built, advised and chaired a number of technology companies.

After selling his first tech start-up in 1987 he spent ten years as a corporate financier with Ord Minnett/Jardine Fleming then five years with ABN AMRO Bank, with roles including CEO of Asia Pacific Securities and Global Head of Technology. In 2002 he founded North Ridge Partners, a Singapore-based technology investment bank which is active across the Asia-Pacific region.

Roger is currently Non-Executive Chair of Webjet Limited (ASX: WEB) and the Lotteries Commission of New Zealand, as well as a Non-Executive Director of Geo Limited (NZX: GEO). He has previously held a number of other Non-Executive Director and Chair roles.



## **Marcus Price**

**Managing Director & Chief Executive Officer**  
(since October 2022)

Marcus Price has over 25 years' experience building, leading and managing teams in the financial services and technology sectors. Mr Price was the founding CEO of Property Exchange Australia (PEXA) for over nine years, from May 2010 to December 2019. From its beginnings as a start-up, Mr Price oversaw PEXA's growth into a company capturing more than 75% of all property transactions in Australia, with a valuation of \$1.6bn upon its trade sale in 2018. Prior to this, Mr Price held senior positions with NAB, the Boston Consulting Group, Certane Group and previously served as Chief Executive Officer and Managing Director of businesses for Equifax and Dun & Bradstreet.



## **Julie Fahey**

**Independent Non-Executive Director**  
(since October 2017) & **Chair of the People and Performance Committee**  
(since February 2020)

Julie has over 35 years' experience in technology through an executive career spanning IT consulting, IT software and services businesses and as an IT executive, leading strategy development and operational delivery of IT services. Julie was also a management consulting partner in the IT advisory practice with KPMG for over 10 years, and was a member of KPMG's National Executive Committee, as the Managing Partner Markets for four years before retiring in 2014.

Julie is a Non-Executive Director of Seek Limited (appointed July 2014) and Australian Foundation Investment Company Limited (appointed April 2021) and was a Non-Executive Director of Vocus Group Ltd (February 2018 - July 2021). Julie also has a portfolio of Directorships of private companies in the technology and telecommunications industry, and the government sector.



## **Niki Beattie**

**Independent Non-Executive Director**  
(since February 2015)

Niki has more than 30 years' experience in financial technology and capital markets. She currently runs Market Structure Partners, a strategic consulting firm and previously spent more than a decade in senior positions in trading at Merrill Lynch International. She is currently Non-Executive Director of Kepler Cheuvreux UK Ltd (since July 2011), a French brokerage firm and of FMSB, Fixed Income, Currencies and Commodities Standards Board (since June 2020), a standard setting body for wholesale markets. She was previously Non-Executive Chair of UK listed entity Aquis Exchange Plc (January 2013 - December 2021), which operates a pan-European stock exchange and technology business and Chair of privately owned XTX Markets (October 2017 - September 2022), a quantitative-driven, electronic global market-maker. She has also been a Non Executive Director of the exchanges MOEX (June 2012 - April 2016), and Borsa Istanbul (April 2016 - October 2019).

She also spent 12 years on the Secondary Markets Advisory Committee (2008 - 2020) to the European Securities Markets Authority and six years on the Regulatory Decisions Committee of the UK Financial Conduct Authority (March 2012 - December 2018).



### Trudy Vonhoff

**Independent Non-Executive Director**  
(since February 2020) & **Chair of the Audit & Risk Committee** (since May 2021)

Trudy has over 25 years' experience in retail banking, financial markets and investments. She is currently a director of Credit Corp Group (appointed September 2019), Cuscal Limited and Australian Cane Farms Limited. Previous directorships include Ruralco Holdings Limited (September 2014 - September 2019), AMP Bank Limited and Tennis NSW. For 13 years Trudy held senior executive roles at Westpac and AMP across retail banking, finance, risk, technology & operations, and agribusiness.



### Michael Dwyer AM

**Independent Non-Executive Director**  
(since February 2020)

Michael has over 35 years' experience in superannuation and investment, including 14 years as CEO of First State Super (now Aware Super). After serving as a director from 1 June 2019, on 31 August 2020 Michael was appointed as the Chair of TCorp (New South Wales Treasury Corporation). On 1 December 2020 Michael was appointed as a director of Bennelong Funds Management Group and appointed as Chair on 1 July 2021.

He is a member of the Global Advisory Council of Tobacco Free Portfolios, appointed in 2016, and the Sydney Financial Forum from 1 January 2009. From 1 July 2000 Michael was a director and subsequently from 25 June 2018 to 12 December 2022 was Chair of Australia for UNHCR, the private sector partner of the UN Refugee Agency. On retiring as a director he was appointed as Patron of Australia for UNHCR on 12 December 2022. Michael is a life member of ASFA (Australia's superannuation industry association) and a Life Member of FEAL (Fund Executive Association Limited).



### Anthony Glenning

**Independent Non-Executive Director**  
(since October 2022)

Mr Glenning has over 25 years' experience in the software industry, 14 of those living and working in Silicon Valley. He is currently the fund manager for Skidata Ventures, leading the investment into early-stage companies and helping them scale and grow into significant and sustainable businesses.

He is also a Non-Executive Director of Pro Medicus Limited (ASX:PME), a leading provider of enterprise medical imaging and practice management software, and Austco Healthcare Limited (ASX:AHC), an international provider of healthcare communication and clinical workflow management solutions.

In 1999, Mr Glenning founded Tonic Systems, a web application development company which he built up over eight years and sold to Google in 2007 as part of the Google Docs suite of products.

He worked with Google post-acquisition where he was a senior software engineer for two years.

From 2010 to 2018, Mr Glenning was an investment director for Starfish Ventures, based in Melbourne, a venture capital firm specialising in Australian high-growth technology businesses, and during that time held directorships at Aktana, Atmail, DesignCrowd, MetaCDN and Nitro Software.



### Peter Ferguson

Peter joined Iress in 2011. He has a bachelor of law from Sydney University (1987) and has many years' experience in international legal and commercial appointments in the financial technology sector, with prior international and domestic appointments including seven years with Nasdaq OMX, located in Stockholm and later in Sydney. In addition to his role as Group General Counsel & Company Secretary, Peter is responsible for management of Iress' compliance and risk functions. He also carries oversight of Iress' environment, social and governance (ESG) strategy. Peter has been a Board member of the Schizophrenia Fellowship of NSW (trading as One Door) since 2012.



## Material business risks

The **material business risks** that have the potential to impact Iress' financial prospects and future performance are outlined below, together with mitigating actions undertaken to minimise these risks. Climate change risk is not considered financially material at this time and is addressed separately in Iress' ESG Report.



Risk	Nature of risk	Mitigating actions
<b>Information security, including cyber-attacks</b>	Iress may be exposed to an event or events which may result in Iress' or Iress client's information being unavailable, lost, stolen, copied or otherwise compromised with adverse consequences for the business. Our information security risks remain heightened due to the growing sophistication and increased frequency of cyber attacks across the industry.	<p>As the nature of cyber crime is constantly evolving, Iress continues to invest in a wide range of information security protection and preventative measures in response to the increasing threats presented by cyberattacks and cyber terrorists.</p> <p>Information security risk is overseen by a dedicated global information security function, led by the Chief Information Security Officer, who is responsible for ensuring appropriate systems and processes are in place inline with our information security strategy, while maintaining strong alignment with industry information security and cyber risk frameworks.</p> <p>Executive-level oversight is provided via the Executive Risk Committee, while material information security risks and issues are escalated to the Board Audit &amp; Risk Committee for oversight and action.</p> <p>Iress' Global Information Security Management System (ISMS) is certified by independent audit to meet the global ISO 27001 standard.</p>
<b>External operating environment</b>	Changes to the external operating environment, including macroeconomic factors such as inflation and interest rates as well as geopolitical factors, may negatively impact client demand and the cost of providing Iress' products.	<p>Iress has a diversified geographic presence and varied product and customer portfolio, which has a high portion of recurring revenues.</p> <p>There is also active monitoring of the impact of changes in the external operating environment on the business, including people, customers, financial performance and financial position.</p>
<b>Foreign exchange</b>	Due to its international operations, Iress may be exposed to foreign exchange movements, which may affect the value of profits repatriated to Australia.	Iress mitigates foreign exchange risk associated with its international operations by funding these investments in the local currency. Foreign currency transaction risks can be hedged, where appropriate. Iress does not hedge translation risk on foreign currency earnings. However, Iress reports the financial performance of its offshore operations in both local currency and in AUD, to enable investors to better understand the performance of the underlying business.
<b>Legal or regulatory change</b>	<p>Iress' business could be adversely affected by changes to the law, regulation, policy or regulatory expectations. Over time, these types of changes may result in market consolidation or fragmentation, both of which may negatively impact Iress' business, prospects and financial performance.</p> <p>Responding to regulatory change may also result in Iress incurring substantial cost, as significant management attention and resources may be required to modify existing processes, or implement new processes to comply with such changes.</p>	As a licensed financial services business, Iress' dedicated risk and compliance team oversees management of regulatory requirements and implementation of regulatory change, while continuing to closely monitor regulatory developments globally and remain proactively engaged with relevant regulatory bodies and policy makers across the jurisdictions in which we operate.
<b>Technology change or failure of critical systems</b>	<p>A pronounced shift in technology, or in the way market segments organise themselves and make use of Iress' technology, may adversely impact our business.</p> <p>At the same time, a critical technology system or process failure, whether by environmental disruption, error or mischief, may cause significant adverse impact to Iress and Iress' clients.</p>	<p>Iress seeks to maintain a highly-skilled team of technology professionals, who constantly consider and test the potential utilisation or impact of emerging technologies. Mitigation of technology risk lies at the heart of Iress' technology function and software development practices, including rigour in architecture, code development and testing.</p> <p>Iress endeavours to manage market change by maintaining a high degree of engagement with its customers. Iress is fortunate that its customer base, being distributed geographically and being comprised of highly sophisticated industry representatives, is likely to be at the forefront of industry change and evolution.</p> <p>Iress' Business Continuity and Disaster Recovery Plans are tested, updated, and reviewed on an annual basis. The testing ensures that access to critical systems, including backup environments, are restored and disruption minimised.</p>

# Operating & Financial Review

For the year ended 31 December 2022

## Operating & Financial Review

		2022 \$m	2021 \$m	2022 vs 2021
Operating revenue	Reported	617.9	595.9	4%
	Constant currency basis <sup>(1)</sup>	622.7	595.9	5%
Segment profit	Reported	165.1	166.2	(1%)
	Constant currency basis <sup>(1)</sup>	166.8	166.2	0%
Net Profit After Tax	Reported	52.7	73.8	(29%)
	Constant currency basis <sup>(1)</sup>	54.0	73.8	(27%)

(1) Constant currency basis assumes 2022 financial results are converted at the same average foreign exchange rates used to convert the 2021 financial results.

	2022 Cents per share	2021 Cents per share	2022 vs 2021
<b>Earnings and dividends per share</b>			
Basic earnings per share	28.6	38.8	(26%)
Dividends per share	46.0	46.0	0%

	Operating revenue			Direct contribution <sup>(1)</sup>		
	2022 \$m	2021 \$m	2022 vs 2021	2022 \$m	2021 \$m	2022 vs 2021
APAC	356.5	335.3	6%	247.4	239.1	3%
UK & Europe	153.5	156.2	(2%)	95.1	98.0	(3%)
Mortgages	31.5	29.5	7%	21.7	21.1	3%
South Africa	43.4	43.4	0%	32.9	33.8	(3%)
North America	33.0	31.5	5%	14.6	14.5	1%
<b>Total group</b>	<b>617.9</b>	<b>595.9</b>	<b>4%</b>	<b>411.7</b>	<b>406.5</b>	<b>1%</b>
Product & Technology				(133.6)	(135.1)	(1%)
Operations				(66.7)	(60.0)	11%
Corporate				(46.2)	(45.2)	2%
<b>Segment profit</b>				<b>165.1</b>	<b>166.2</b>	<b>(1%)</b>

(1) Direct contribution for each client segments represents revenue less cost of sales and direct costs relating to the sales and account management function of the business.

## Operating revenue

On a reported basis, revenue increased 4% from \$595.9m in 2021 to \$617.9m in 2022, and in constant currency revenue grew 5%. This was driven by positive constant currency growth across all business segments, particularly APAC and Mortgages, due to pricing benefits and new business wins from 2021 and 2022. Recurring revenue, which underpins the group's commercial model, continues to contribute over 90% of total revenue and it grew 5% in 2022 on a constant currency basis.

## Segment profit<sup>(1)</sup>

On a reported basis, segment profit decreased 1% from \$166.2m in 2021 to \$165.1m in 2022. In constant currency, segment profit for the group was flat. While revenue was up 5% on a constant currency basis, segment profit was impacted by higher costs from technology suppliers, particularly in the second half, due to a combination of factors including ongoing cloud migration (which increased cloud provider costs), adverse impact from strengthening USD, and vendor price rises. There was also increased investment in headcount, primarily to support growth in Superannuation and Mortgages.

(1) Iress uses segment profit as a measure of underlying EBITDA (before share based payments) to aid comparability of results. Refer to Note 1.1(c) to the Financial Statements for a bridge of segment profit to Net Profit after Tax (NPAT).

## APAC

Iress' core domestic business continued to perform strongly. APAC revenue increased 6% from \$335.3m in 2021 to \$356.5m in 2022. The result was driven by revenue growth across Trading & Market Data, Financial Advice and Superannuation.

Trading & Market Data revenue increased 7%. This performance was underpinned by strong growth in recurring revenues driven by price increases, new client wins in the year, and the benefit of the full year impact of new client wins in 2021. Customer retention in Trading and Market Data remains high.

Financial Advice revenue increased 4%. Demand for Iress' Xplan software remains robust as advisers continue to focus on digital services, data and compliance. The performance benefited from a strong run rate coming into the year, price increases, increased uptake of products from existing clients, and some new client wins in 2022. This was partly offset by reduced revenue from two enterprise clients following structural changes to their businesses that resulted in reduced user numbers.

Superannuation revenue increased 15%. This strong performance was mainly attributable to a super administration client going live in April 2022 and the full year revenue impact of a client that went live in 2021. The result also benefited from higher non-recurring revenue as a result of increased client project activity. In 2022, a significant new client for Iress' superannuation administration software, Acuity, was secured. Work on this project has commenced.

Revenue from the Managed Fund Administration and Investment Platform businesses remained in line with 2021.

On a reported basis, direct contribution increased 3% from 2021, and 4% in constant currency. Direct contribution margin declined from 71% to 69%, reflecting an investment in people, predominantly in Superannuation, to support both existing clients and future growth, and increases in vendor costs, particularly cloud storage costs.

## UK & Europe

On a reported basis, UK & Europe revenue decreased 2% from \$156.2m in 2021 to \$153.5m in 2022. In constant currency, revenue increased 1% in 2022. Recurring revenue grew 3% in constant currency. A process is underway to determine the best operating model and product strategies to improve performance.

Trading & Market Data revenue increased 7% on a constant currency basis driven by strong growth within the existing client base, the full year benefit of client wins in 2021, general price increases and new client wins in 2022.

Wealth revenue decreased 3% from 2021 on a constant currency basis, with recurring revenue increasing 1% from 2021.

Non-recurring revenue declined due to non-repeat of large client implementation work within Private Wealth in 2021. Recurring revenue was negatively impacted in Retail Wealth due to loss of a client and user rationalisation at another client. Excluding these client changes, Wealth recurring revenue grew by 7%. Recurring revenue in Private Wealth was up 21% on a constant currency basis, which was largely driven by the adoption of Iress products by key enterprise clients, including replacing competitor licences.

Sourcing revenue remained flat from 2021 on a constant currency basis, contributing 27% to total UK & Europe revenue.

On a reported basis, direct contribution decreased 3% from 2021, and 1% in constant currency. The direct contribution margin declined from 63% to 62% due to higher fixed costs.

## Mortgages

On a reported basis, revenue increased 7% from \$29.5m in 2021 to \$31.5m in 2022. In constant currency, revenue increased 9%.

The increase in revenue is largely due to the full-period impact of clients that went live in 2021, and the benefit of price increases. In addition, implementations commenced at two new clients in 2022. The Mortgages business continues to grow recurring subscription licence revenue, which contributed 63% of total revenue in 2022, up from 59% in 2021.

On a reported basis, direct contribution increased 3% from 2021, and 5% in constant currency. The direct contribution margin declined from 72% to 69% due to increased cloud storage costs and increased headcount to support new client implementations.

## South Africa

On a reported basis, revenue was flat while in constant currency revenue increased 2%.

Revenue growth was largely the result of price increases to the existing client base and non-recurring project work, offset in part by client exits in 2021 and 2022. Recurring revenue as a percentage of total revenue continues to remain high, with 93% of revenue recurring in nature.

On a reported basis, direct contribution decreased 3% from 2021, and 1% in constant currency. The direct contribution margin declined from 78% to 76% due to the higher cloud storage costs and people transfers from elsewhere in the group to this segment in order to increase client support.

# Operating & Financial Review

For the year ended 31 December 2022

## Segment profit (continued)

### North America

On a reported basis, revenue increased 5% from \$31.5m in 2021 to \$33.0m in 2022. In constant currency, revenue increased 2% from 2021.

The revenue increase is attributable to the full-period impact of the launch of a retail trading system for a Tier 1 bank in May 2021, price increases and increase in users at existing clients. The result was partly offset by lower non-recurring revenues in the year following the completion of one-off client initiatives and regulatory change work performed in 2021.

On a reported basis, direct contribution increased 1% from 2021 but declined 2% in constant currency. Contribution margin declined from 46% to 44% due to higher cloud storage costs and increased salaries.

### Product & Technology

Product and Technology costs primarily comprise people costs and reflect Iress' ongoing investment in existing and new technology. Iress' strategy is to focus on its core software strengths to drive operating leverage consistent with a leading technology company.

On a reported basis, Product and Technology costs decreased 1% from 2021. In constant currency, costs remained in line with 2021, mainly as a result of increased focus on developing new products where related staff costs are capitalised, and transitioning to cloud based architecture model where related staff costs are reported in non-operating items. These items are offset by salary increases and software vendor price rises.

### Operations

Operations costs include core business infrastructure and people. These include areas such as internal and external communications technology, information security, operating hardware and software, and help desk.

On a reported basis, Operations costs increased 11% and 12% on a constant currency basis. This reflects increased investment in information security and compliance capability, as well as operations staff to support the MFA & Platforms business.

### Corporate

Corporate costs include Iress' central business functions, including human resources, finance, communications and marketing, legal and other general corporate costs.

On a reported basis, Corporate costs increased 2% from 2021, whilst on a constant currency basis Corporate costs increased 3%, largely due to an increase in insurance and other general corporate costs.

## Net Profit after Tax (NPAT)

	2022 \$m	2021 \$m	2022 vs 2021
<b>Segment profit</b>	<b>165.1</b>	<b>166.2</b>	<b>(1%)</b>
Share-based payment expense	(18.7)	(17.4)	8%
<b>Segment profit after share-based payments</b>	<b>146.4</b>	<b>148.8</b>	<b>(2%)</b>
Non-operating and significant items <sup>(1)</sup>	(25.1)	0.1	n/m
Depreciation and amortisation expense	(40.7)	(47.0)	(13%)
<b>Profit before interest and income tax expense</b>	<b>80.6</b>	<b>101.9</b>	<b>(21%)</b>
Net interest and financing costs	(12.7)	(9.0)	40%
Income tax expense	(15.2)	(19.1)	(20%)
<b>Net profit after income tax expense</b>	<b>52.7</b>	<b>73.8</b>	<b>(29%)</b>

(1) Refer to Note 1.6 for list of non-operating and significant items.

\* n/m stands for not meaningful.

Share-based payment expense increased 8%. This is the result of performance shares being issued to a small group of employees who are critical to the execution of Iress' strategy, as well as reduced forfeitures due to senior executive departures in 2021.



Significant items include non-operating income and expenses as well as significant project-related expenses that do not form part of the ongoing cost base of the business, so are separately disclosed to provide greater clarity on underlying business performance.

Significant items increased from a benefit of \$0.1m in 2021, to an expense of \$25.1m in 2022. The benefit of \$0.1m in 2021 included deferred contingent consideration provision releases of \$14.2m and \$8.1m in relation to the acquisitions of QuantHouse in 2019, and BC Gateways in 2020, respectively.

The key non-operating and significant items in 2022 included:

- investment in transitioning to cloud based architecture model
- implementation of restructuring projects, including a commercial team restructure
- integration of OneVue technology and operations
- write-off of intangible assets due to changes in prioritisation of technology resources.

Depreciation and amortisation (D&A) expenses decreased from \$47.0m in 2021 to \$40.7m in 2022. This movement was primarily due to intangible amortisation and lease right-of-use asset depreciation. Intangible assets' amortisation expense decreased due to a number of acquired intangible assets becoming fully amortised. Depreciation on lease right-of-use assets decreased due to the impairment of certain office lease assets during 2H21, resulting in reduced ongoing depreciation expenses.

Net interest and financing costs of \$12.7m in 2022 was higher than the \$9.0m in 2021. The increase in interest costs was the result of higher levels of borrowings in 2022, combined with higher interest costs on floating rate borrowings due to the increase in benchmark rates from central banks.

The Group's effective tax rate was 22.5% in 2022, which is a function of the tax rates in jurisdictions in which Iress operates, and was higher than the 20.5% reported in 2021. The tax rate in 2021 was low due to the impact of deferred contingent consideration provision releases for QuantHouse (\$14.2m) and BC Gateways (\$8.1m), which were treated as capital rather than income items for company tax purposes and, therefore, attracted no accounting tax charge.

Iress' reported NPAT decreased 29% from \$73.8m in 2021 to \$52.7m in 2022. The decrease in NPAT largely reflects the benefit in 2021 from the net provision release associated with the finalisation of QuantHouse and BC Gateways earnout arrangements (\$22.3m), which was reported within 'non-operating and significant items'.

## Statement of Financial Position

Net debt (measured as borrowings less cash and cash equivalents) increased by \$92.3m to \$326.1m in 2022. This was mainly due to the on-market purchase of \$23.0m in treasury shares to satisfy employee share plan obligations, \$52.2m in payments relating to the share buy-back program, which was completed on 28 October 2022, and \$4.4m for the final settlement of deferred contingent consideration relating to the acquisition of BC Gateways in 2020.

The increase in net debt has resulted in an increase to the leverage ratio (defined in this report as the ratio of net debt to the last 12 months' segment profit after lease payments) from 1.5x at 31 December 2021, to 2.2x at 31 December 2022.

The Group issued GBP60.5m of seven-year fixed rate notes to an institutional investor in May 2022, with the proceeds being used to repay existing GBP floating rate borrowing. In addition, \$50m of the \$400m bank facility expiring in October 2025 was cancelled. As a result of these transactions, the Group's total available debt facilities increased from \$400m to \$457.3m, of which \$67.8m was undrawn at 31 December 2022. As a result of this transaction, approximately 28% of the Group's borrowings are at a fixed interest rate.

Provisions (current and non-current) reduced by \$6.2m, primarily due to the final settlement of \$4.4m in deferred contingent consideration relating to the 2020 BC Gateways acquisition.

Intangible assets were reduced by \$17.6m in 2022, primarily due to the impact of weaker GBP and EUR currencies on goodwill and other assets denominated in these currencies. During the period, \$19.9m of development costs were capitalised, intangible amortisation was \$16.1m and \$2.3m of intangible assets was impaired.

Right-of-use assets reduced by \$17.1m as a result of depreciation, and is largely offset by a reduction in lease liabilities of \$18.5m.

Issued capital decreased by \$74.8m, primarily due to the acquisition of \$52.2m in shares through the on-market buy-back, which commenced in September 2022, and \$23.0m in shares purchased on-market to deliver to employees in relation to employee share schemes.

## Dividends

Iress' dividend policy is to maintain a payout ratio of not less than 80% of Core NPAT<sup>(1)</sup> on an annualised basis, subject to legal limitations. The dividend policy may be modified by the Board in the future where it is felt appropriate. Dividends continue to be franked to the greatest extent possible, while reflecting the geographical context of the business and the timing of tax payments.

In respect of 2022 earnings, the Directors determined to pay a final dividend of 30.0 cents per share franked to 0% at a 30% corporate tax rate. This brings the full year 2022 dividend to 46.0 cents per share and 88% payout ratio.

<sup>(1)</sup> Core NPAT defined as Segment Profit less operating depreciation & amortisation & tax at 30%.

# Directors' Report

For the year ended 31 December 2022

The Directors of Iress Limited and its subsidiaries ("the Group") submit the annual financial report for the year ended 31 December 2022.

## Directors' Meetings

The following table sets out the number of meetings of the Group's Board of Directors and of each Board Committee held during the year ended 31 December 2022, and the number of meetings attended by each Director as a member of the Board or relevant Board Committee.

Directors who are not members of a particular Board Committee are entitled to attend meetings in a non-voting capacity and are given access to all Board Committee papers and minutes.

Director	Board Meetings		Audit & Risk		People & Performance	
	Eligible	Attended <sup>(1)</sup>	Eligible	Attended	Eligible	Attended
R Sharp	14	14	*	*	*	*
M Price <sup>(2)</sup>	7	6	*	*	*	*
A Walsh <sup>(3)</sup>	7	7	*	*	*	*
N Beattie	14	14	*	*	5	5
J Cameron <sup>(4)</sup>	4	4	*	*	3	3
M Dwyer	14	11	4	4	5	5
J Fahey	14	14	4	4	5	5
A Glenning <sup>(5)</sup>	5	4	*	*	*	*
T Vonhoff	14	14	4	4	5	5

\* Not a member of this committee.

(1) Where attended meetings are less than eligible is because the meetings were called on short notice.

(2) Appointed as Independent Non-Executive Director on 26 July 2022 and assumed the Managing Director and Chief Executive Officer role on 3 October 2022.

(3) Retired as Managing Director and Chief Executive Officer effective 3 October 2022, and remained a consultant from 3 October 2022 until the end of January 2023.

(4) Retired on 5 May 2022.

(5) Appointed as Independent Non-Executive Director on 11 October 2022.

## Events subsequent to the Statement of Financial Position date

On 19 February 2023, the Directors declared a final dividend of 30.0 cents per share franked to 0% totalling \$55.4m.

Other than the declaration of the final dividend and the items noted above, there has been no other matter nor circumstance which has arisen since the end of the financial year which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent years.

## Changes in operations during the year

During the year, the operations of the Group were not modified in any material way.

## Changes in state of affairs

On 28 October 2022, Iress announced that it had completed its \$100m on-market buy-back, which was launched on 29 July 2021. For the year ending 31 December 2022, Iress purchased 5,045,882 shares at an average price of \$10.35 for a total amount of \$52.2m. Refer to Note 3.2 of the Financial Statements for further details.

Other than the above, there was no significant change in the state of affairs of the Group during the financial year.

## Indemnification of Officers & Auditors

During the year, the Company paid a premium in respect of a contract insuring each of the Directors of the Company (as named above), the Company Secretary, each of the Executive Officers of the Company, and any related body corporate against a liability or expense incurred in their capacity as a Director, Secretary or Executive Officer to the extent permitted by the *Corporations Act 2001*. Further details have not been disclosed due to confidentiality provisions in the insurance contract.

In addition, the Company has entered into a Deed of Indemnity, which ensures that a Director or an officer of the Company will generally incur no monetary loss as a result of defending actions taken against them as a Director or an officer. Certain actions are specifically excluded, for example, penalties and fines which may be imposed in respect of breaches of the law.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by the law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred in their capacity as an officer or auditor.

## Non-audit services

Details of the amounts paid or payable to the auditor for audit services provided during the year are outlined in Note 1.6(b) to the financial statements. During the year, the Company's auditor performed certain other services in addition to its audit responsibilities. The Board is satisfied that the provision of 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 to ensure that they do not impact the integrity and objectivity of the auditor.
- The non-audit services provided did not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity of the Company, acting as an advocate of the Company or jointly sharing risks or rewards.

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001 (Cth)*, is set out on page 54.

## Rounding of amounts

The amounts shown in this report and in the financial statements have been rounded off, except where otherwise stated, to the nearest thousand dollars, the Company being in a class specified in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission.

## Corporate governance

The corporate governance statement is located on the Iress website:

<https://www.iress.com/trust/corporate-governance/corporate-governance-statement/>.

# Remuneration Report

For the year ended 31 December 2022

## Letter from Julie Fahey, Chair of the People and Performance Committee

Dear shareholders,

On behalf of the People & Performance Committee (PPC), I am pleased to present Iress' Remuneration Report for the financial year ended 31 December 2022. This letter provides a summary of the equity that vested in February and May 2022 ("2022 remuneration outcomes") and the forthcoming equity vesting in February 2023 ("2023 remuneration outcomes"). It also discusses the remuneration changes implemented as a result of the retirement of Andrew Walsh and appointment of Marcus Price, as Iress' new Managing Director and CEO.

### Iress' 2022 performance and 2023 remuneration outcomes

2022 was a challenging year with the continued slower than expected conversion of new revenue opportunities and increasing supplier costs due to ongoing economic conditions.

On a reported basis, Iress delivered revenue of \$617.9m, an increase of 4% over the prior year. Net Profit After Tax (NPAT) decreased 29% to \$52.7m. The decrease in NPAT largely reflects the benefit in 2021 from the net provision release associated with the finalisation of QuantHouse and BC Gateways earnout arrangements (\$22.3m), which was reported within 'non-operating and significant items'. The results on a constant currency basis were in-line with the downgraded guidance given on 29 September 2022, but below the original guidance provided on 17 February 2022.

From a client segment perspective, performance was mixed. APAC (particularly Trading & Market Data and Superannuation) and Mortgages performed well, but UK & Europe revenue growth was disappointing at 1% on a constant currency basis, with Trading and Private Wealth recurring revenue growth offset by a decline in Retail Wealth.

Despite the mixed financial outcomes, there was good progress made on strategic priorities, most notably:

- Investment Infrastructure was launched as the first step in providing digital connectivity between platforms and Xplan to deliver increased adviser efficiency
- significant progress was made with the cloud migration, which provides a solid foundation for transitioning to a cloud architecture model to unlock scale and efficiency
- a number of legacy applications were decommissioned to reduce complexity, increase efficiency and deliver better customer outcomes.

Iress' executive remuneration framework delivers a significant portion of fixed remuneration in Equity Rights, thereby providing significant share-price exposure and long-term performance focus. An executive's total remuneration opportunity also includes Performance Rights, for which vesting requires the achievement of substantial shareholder returns.

2022 financial performance will primarily be reflected in 2023 remuneration outcomes. Based on the share price at 31 December 2022, executives saw a 27.7% decrease in the value of their 2021 Equity Rights over the vesting period to date due to a decrease in the share price, which aligned with shareholders' experience. Given the negative Absolute Total Shareholder Return (ATSR) performance over the three years to 31 December 2022, no Performance Rights will vest to the executives in February 2023.

Executives were also impacted by the share price for all other equity on foot, which includes the 2019 and 2020 Equity Rights which were under a holding lock during 2022.

The Board viewed that overall financial performance was fairly reflected in the decreased value of the Equity Rights and nil vesting of the Performance Rights. Collectively, these outcomes constitute a substantial impact to the value of remuneration available to be realised by executives in 2023.

### 2022 remuneration outcomes

Fixed remuneration comprises salary/fees and, for executives, an annual grant of Equity Rights. There were no fixed remuneration increases provided to executives or to Non-Executive Directors in 2022.

Following the 2021 year-end assessment of performance, the Board determined it was fair and appropriate, under the terms of the award, that the 2020 Equity Rights vest in February 2022.

The final award of Performance Rights subject to the Relative Total Shareholder Return (RTSR) measure (the 2018 Managing Director and CEO award) partially vested in May 2022:

- 59th percentile RTSR resulting in 67.0% vesting of the former Managing Director and CEO's 2018 four-year award (1 January 2018 – 31 December 2021)
- 49th percentile RTSR resulting in 0% vesting of the former Managing Director and CEO's 2018 three-year award (1 January 2019 – 31 December 2021).

The first grant of Performance Rights subject to an ATSR measure partially vested to the 2019 executives in February 2022:

- 8.9% annualised ATSR, compared to a target range of 6.5% to 10.0%, resulting in 83.8% vesting of the 2019 three-year awards to executives including the former Managing Director and CEO (1 January 2019 – 31 December 2021).

### Changes to the executive remuneration framework in 2022

The changes that became effective in 2022 are detailed below. In summary, vesting of the 2022 Performance Rights requires executives to deliver substantially higher returns for shareholders than the 2021 awards; specifically, to achieve an ATSR gateway for Performance Rights equal to the top end of the 2021 award; before consideration of three separate performance measures, which have been set in line with the strategic objectives.

- **Performance Rights vest against three equal hurdles of EPS growth, growth in ROIC, and delivery of our strategic product and technology platform:** The performance hurdles are aligned with the 2025 strategic objectives announced in July 2021, which included targets to double EPS and ROIC from 2020 by 2025.
- **Performance Rights vesting will be subject to an ATSR gateway:** The 2022 awards require a 10% annualised ATSR performance as well as one or more of the performance hurdles to be met for vesting to occur. The 10% ATSR gateway was set at the level associated with maximum vesting under the 2021 Performance Rights award. The approach means executives will only be rewarded where significant additional value is delivered for shareholders over the period to 2025.

- **The quantum of the Performance Rights award increased:** Executives will have the opportunity to earn up to 1.8 times the quantum available under the 2021 remuneration framework across the period 2022-2025, wholly contingent on strategic outcomes. The challenging performance hurdles mean executives will earn less over the 2022-2025 period, versus the 2021 approach, if the hurdles are not met, especially for ATSR performance between the previous ATSR target of 6.5% and the new gateway of 10.0%.
- **The timeframe of the Performance Rights was aligned to the timeframe remaining for the achievement of the 2025 strategic objectives (from the beginning of the 2022 year to the end of the 2025 year):**
  - 2022 Performance Rights are eligible to vest after three years (February 2025) with a new one-year holding lock.
  - The 2023 Performance Rights allocation was brought forward and granted in February 2022. This portion will be eligible to vest after four years (February 2026), also with a one-year holding lock.
  - Whilst this doubles the grant value in 2022, there is no impact on total remuneration over the two-year period to 2023 as there will be no allocation of Performance Rights in 2023.

## Remuneration arrangements for the transition in Managing Director and CEO

Following the decision of former Managing Director and CEO, Andrew Walsh, to retire, Marcus Price commenced as Managing Director and CEO on 3 October 2022.

Reflecting his intention to align his interests with shareholders and to invest in Iress, Marcus Price agreed to a 30% reduction in his fixed remuneration comprising Base Salary and Equity Rights (compared to the fixed remuneration awarded to Andrew Walsh) for the period commencing 3 October 2022 through 31 December 2024. This reduces his fixed remuneration by \$1,372,470 over that period.

At the Extraordinary General Meeting held on 29 September 2022, shareholders approved:

- A grant of 13,865 Equity Rights with a face value of \$175,743. The award value was a pro-rata portion of the Equity Rights awarded to Andrew Walsh in May 2022, reflecting that Marcus Price would be acting as Managing Director and CEO for approximately three months of FY22 and also reflecting the 30% reduction in his fixed remuneration comprising Base Salary and Equity Rights as referred to above. Otherwise, the terms of the Equity Rights were the same as those awarded to Andrew Walsh.
- Two grants of 370,910 Performance Rights with face value of \$4,062,016 per grant. The number, value and terms of the Performance Rights are equal to those granted to Andrew Walsh in May 2022 (and summarised above for all executives) reflecting the intention for Marcus Price to step into the current Managing Director and CEO remuneration package.

- Options to the value of \$1,372,470, to be awarded in two equal tranches, being collectively equivalent in value to the 30% reduction in Marcus Price's fixed remuneration as referred above. The Options have an exercise price of \$13 and a two year exercise window (commencing late February 2026 and late February 2027 for grants 1 and 2 respectively). The terms of the Options are further detailed in Section 1.2 of this Remuneration Report.

The equity grants approved by shareholders were granted effective 3 October 2022. The Options were independently valued at \$1.03 for Grant 1 and \$1.16 for Grant 2. Accordingly, 666,248 and 591,582 Options were granted for Grant 1 and 2 respectively.

Regarding the 2022 remuneration of Andrew Walsh:

- Reflecting his continued role with the Company throughout 2022, Andrew Walsh retained his 2022 Equity Rights, in accordance with the terms of the award.
- Andrew Walsh agreed to forfeit his 2022 Performance Rights on his retirement, including his 2023 Performance Rights brought forward to 2022, despite the terms of grant allowing for pro-rata retention in the circumstances. The forfeiture was effected at the end of September 2022.

The transition from Andrew Walsh to Marcus Price was structured to closely and quickly align Marcus Price's interests with shareholders and minimise impact to the Company's FY22 profitability, with only a three-month Fixed Remuneration overlap during FY22.

## Changes to remuneration in 2023

An operating model review is underway following the transition of CEO. The outcome of this review is likely to result in changes to the executive remuneration framework in the future. The Board will also take the opportunity to review the executive remuneration framework more broadly, incorporating feedback from shareholders and executives. In particular, the Board acknowledges the feedback from shareholders regarding the fixed nature of Equity Rights. While the Equity Rights continue to provide strong shareholder alignment through share price, the Board would like more flexibility to reflect other indicators of performance. Given the framework is under review, the Board had decided not to proceed with the Equity Rights scheduled to be awarded in 2023. No Performance Rights allocation will be made in 2023 as the 2023 grant was brought forward to 2022. Shareholder feedback and external advice will be sought as part of the review and further information will be provided in due course.

I invite you to continue to provide feedback on our remuneration framework and I look forward to your continued support at our AGM.

**Julie Fahey**

Chair of the People & Performance Committee



# Remuneration Report

For the year ended 31 December 2022

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This remuneration report provides details of Iress' remuneration policy and practice for Key Management Personnel (KMP) for the 2022 financial year (FY22). The KMP are identified in the below table and comprise the Non-Executive Directors (NEDs), Executive Director, and Executives. For the purposes of this report: 'Executive KMP' refers to the Executive Director and Executives.

The information presented in this report has been audited as required under section 308(3C) of the *Corporations Act 2001* and forms part of the Director's report.

## KMP

For the year ended 31 December 2022, the KMP were:

KMP	Position	Term as KMP
<b>Non-Executive Directors (NED)</b>		
R Sharp	Non-Executive Chairman	Full year
N Beattie	Non-Executive Director	Full year
J Cameron <sup>(a)</sup>	Non-Executive Director	Partial year
M Dwyer	Non-Executive Director	Full year
J Fahey	Non-Executive Director	Full year
A Glenning <sup>(b)</sup>	Non-Executive Director	Partial year
T Vonhoff	Non-Executive Director	Full year
<b>Executive Director</b>		
A Walsh <sup>(c)</sup>	Managing Director and Chief Executive Officer (former CEO)	Partial year
M Price <sup>(d)</sup>	Managing Director and Chief Executive Officer (CEO)	Partial year
<b>Executive</b>		
J Das	Chief Product Officer	Full year
P Ferguson	Chief Legal Officer & Company Secretary	Full year
K Fisk	Chief Communications & Marketing Officer	Full year
J Harris	Chief Financial Officer	Full year
J McNeill	Chief People Officer	Full year
S New	Chief Commercial Officer	Full year
A Todd	Chief Technology Officer	Full year

(a) John Cameron ceased to be a KMP on 5 May 2022.

(b) A Glenning commenced on 11 October 2022.

(c) A Walsh ceased to be a KMP on 30 September 2022 and continued in a consulting capacity until 25 January 2023.

(d) M Price commenced as a NED on 26 July 2022, prior to assuming the Managing Director and CEO role on 3 October 2022.

The numbers reported reflect the period for which executives are KMP.

There have been no changes to KMP since the end of 2022 up to the date of signing the Directors' Report.

## Section 1 Executive remuneration framework in 2022

### 1.1 Overview of the 2022 executive remuneration framework

Iress' 2022 executive remuneration framework is summarised below. The remuneration components apply to all Executive KMP, with the exception of Options which only apply to the CEO.

Our goal					
To be the most innovative, reliable, and respected technology partner, regarded by our clients as essential and desirable.					
Our goal is supported by our remuneration principles and performance framework					
Remuneration principles & performance	Alignment with strategy	Alignment with shareholder interests	Support attraction, motivation, and retention	Simple to understand and transparent	Support robust performance management
	Long-term deferred awards with vesting linked to key business success measures.	Significant exposure to share price through equity-based awards, with substantial Shareholder Returns a gateway to Performance Rights vesting.	Market competitive remuneration opportunity. Long-term equity awards support retention and allow Executive KMPs to share in the value they create.	Total Remuneration structured clearly and easy to value unvested equity.	Long-term view of performance to avoid short-term gains for long-term loss. Strong performance and pay linking mechanisms.

Annual performance management				
Robust performance management incorporating the 'what' and the 'how'				
Remuneration components	Base Salary	Equity Rights	Performance Rights	Options (CEO only)
	Market-based reward for role.	Equity to align with shareholder returns and retain talent.	Equity to reward exceptional shareholder returns and achievement of strategic goals.	A one-off grant of options to CEO to provide immediate shareholder alignment and avenue to invest in Iress.

Minimum shareholding requirement				
A 225% - 400% of base salary minimum shareholding requirement (for the Executives and CEO respectively) to be met within five years				
Long-term performance measurement	Individual performance	Share price movement	Absolute total shareholder return (ATSR)	Shareholder wealth
	Any increases in base salary will consider the market and individual contribution and experience.	Over the four-year aggregate Equity Rights holding period, Executive KMPs will be directly exposed to the same share price movements as shareholders.	An ATSR gateway over a three- and four-year period applies to Performance Rights granted in 2022, which must be achieved before the additional EPS, ROIC and Platform Delivery conditions are considered.	Over time, Executives will see a direct increase (or decrease) in their wealth in the same way shareholders do. Options for the CEO will only be in the money if a share price increase is realised.

The Board also considered non-financial factors centred around:

- Platform – enabling our services on a platform architecture model.
- Product – productising our offers and services.
- Advocacy – growing advocacy from our people and clients.
- Growth – delivering sustainable growth.

# Remuneration Report

For the year ended 31 December 2022

## 1.2 Our 2022 remuneration framework

The 2022 executive remuneration structure is as follows and comprises Base Salary, Equity Rights, Performance Rights, and Minimum Shareholding Requirement. In addition, Iress awarded Options to the CEO in return for a reduction in fixed remuneration as detailed in the table below.

### Base Salary

Base Salary reflects a market-related reward for performing a leadership role at Iress, plus superannuation and benefits.

### Equity Rights

Equity Rights are an upfront award of rights. The award value forms part of fixed remuneration and vesting is subject to service requirements. Participants are eligible for dividend equivalents during the service period (in the form of additional Equity Rights on vesting), and dividends (or cash dividend equivalents for some jurisdictions) during the restriction period. The Board can apply clawback during the service or restriction period (see below).

<b>Purpose</b>	To facilitate immediate, collective alignment of Executive KMP with shareholders. To reward shareholder returns and facilitate retention.
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### Opportunity

Executive KMP	Equity Rights Award Value
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CEO	Face value: \$175,743
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Former CEO	Face value: \$1,008,889
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Executives	Face value: 8% of Total Remuneration
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The number of Equity Rights granted to each Executive KMP is calculated using Award Value, divided by the twenty-trading-day volume weighted average share price (VWAP) to 31 December of the year prior to when the grant is made.

The award value for the CEO is a pro-rata amount for 2022 reflecting a start date of 3 October 2022 as CEO, and also reflecting the 30% reduction in fixed remuneration comprising Base Salary (inclusive of superannuation) and Equity Rights as agreed to by the CEO.

### Performance measurement

Performance is reflected in share price movements and dividends earned, which collectively impact the value of Equity Rights. Executive KMPs will share in the same price movements and dividends as shareholders over the entire vesting and holding period.

#### Board discretion:

The Board retains ultimate discretion to adjust the award or vesting quantum of Equity Rights, subject to their assessment of individual and company performance.

### Vesting

Vesting after two years is subject to continued service. A further two-year restriction period applies, supporting retention and sustainable value creation over a total of four years.

Depending on the tax rules in the relevant jurisdiction, the restriction will either be in the form of a holding lock (preventing the share received on exercise from being sold) or an exercise restriction (preventing the right from being converted to a share). Australian tax residents have the option of choosing an additional six-month voluntary holding lock period.

### Termination of employment

If employment ceases due to resignation, termination for cause, or gross misconduct, then unvested equity lapses. If employment ceases for other reasons, Equity Rights will continue to be held subject to original terms (subject to Board discretion).

### Change of control

Board discretion also applies to a change in control. The Board will consider time elapsed and performance achieved when exercising this discretion.

### Malus & clawback

Significant underperformance or misconduct can lead to reduced vesting at the Board's discretion or clawback of awards in the holding lock. In addition, the Board may decline to make future grants in such cases.

## Performance Rights

A Performance Right is a right to receive one Iress share (or cash of equivalent value) upon vesting and exercise of that right at no cost, subject to adjustment for certain capital actions. Performance Rights do not carry any dividend entitlements or voting rights. Shares allocated upon exercise carry the same rights as any other Iress share.

<b>Purpose</b>	To reward exceptional shareholders returns and performance against key business strategy objectives.	
<b>Opportunity</b>	<b>Executive KMP</b>	<b>Performance Rights Award Value</b>
	CEO	Grant 1: face value \$4,062,016 Grant 2: face value \$4,062,016
	Former CEO	Grant 1: face value \$4,062,016 Grant 2: face value \$4,062,016
	Executives	Grant 1: face value 38.5% of Total Remuneration Grant 2: face value 38.5% of Total Remuneration
<p>The number of Performance Rights granted to each executive is calculated using Award Value, divided by the twenty trading-day VWAP commencing on the day following the results being announced for the year ending 31 December 2021.</p> <p>Two grants of Performance Rights were made to Executive KMPs in 2022 with none to be made in 2023.</p> <p>To support the delivery of strategic objectives and to attract and retain key talent, a grant of Performance Rights was also made to 73 employees on a discretionary basis subject to similar performance hurdles as Executive KMP, vesting in four years.</p>		
<b>Performance measurement</b>	<p>A grant of Performance Rights will vest subject to: an ATSR gateway; ongoing service; and three additional measures over the performance measurement periods.</p> <ul style="list-style-type: none"> <li>Grant 1 has a three-year performance measurement period from 2022 to 2025.</li> <li>Grant 2 has a four-year performance measurement period from 2022 to 2026.</li> <li>ATSR is aligned to Iress' business objectives as ATSR focuses on the growth of Iress and value to shareholders, regardless of the broader market and other companies' movements. Awards to Executive KMPs will not vest unless substantial shareholder value has been created over the performance measurement period.</li> <li>The annualised ATSR gateway of 10%—set at the 2021 maximum hurdle—must be met. Vesting is then dependent on performance against three equally weighted key business strategy objectives: EPS growth, ROIC improvement, and platform.</li> <li>The ATSR VWAP start and end periods, allows for market consideration and response to the EPS, ROIC and platform delivery results achieved at the end of the performance periods.</li> <li>The platform measure is the fundamental measure underpinning the strategy acceleration, with scale and financial outcomes, which are critical to providing returns to our shareholders.</li> </ul> <p><b>Board discretion:</b></p> <p>The Board retains ultimate discretion to adjust the award, or vesting quantum, of Performance Rights, subject to their assessment of individual and company performance. In applying any discretion, the Board takes into consideration performance against a set of non-financial measures across the following areas:</p> <ul style="list-style-type: none"> <li>Platform – enabling our services on a platform architecture model.</li> <li>Product – productising our offers and services.</li> <li>Advocacy – growing advocacy from our people and clients.</li> <li>Growth – delivering sustainable growth.</li> </ul>	

# Remuneration Report

For the year ended 31 December 2022

## Vesting

Grant 1 and Grant 2 are eligible to vest in March 2025 and March 2026 respectively. A one-year holding lock applies to all Performance Rights post-vesting.

### Tranche 1: EPS condition (one-third of each grant)

EPS is calculated as NPAT, divided by the weighted average number of Iress shares on issue in the final year of the relevant measurement period. Iress' EPS performance will be tested at the relevant financial year end, based on Iress' audited consolidated results. The EPS performance will be determined by the Board.

Assessment of the EPS condition occurs after accounting for the cost of share-based payments.

EPS vesting schedule	Threshold vesting (30% vesting of the tranche)	Maximum vesting (100% vesting of the tranche)
Grant 1*	EPS of 46.3 cents	EPS of 56.6 cents
Grant 2*	EPS of 51.9 cents	EPS of 66.8 cents

\* Straight-line vesting will occur between threshold and maximum. No vesting of the tranche will apply for below threshold performance.

### Tranche 2: ROIC condition (one-third of each grant)

ROIC is calculated using NPAT (excluding interest and finance costs) as a percentage of the net debt plus equity. Iress' ROIC will be measured based on Iress' audited consolidated results for the final year of the relevant measurement period. ROIC performance will be determined by the Board.

ROIC vesting schedule	Threshold vesting (30% vesting of the tranche)	Maximum vesting (100% vesting of the tranche)
Grant 1*	ROIC of 11.9%	ROIC of 15.3%
Grant 2*	ROIC of 13.3%	ROIC of 17.8%

\* Straight-line vesting will occur between threshold and maximum. No vesting of the tranche will apply for below threshold performance.

### Tranche 3: Platform delivery condition (one-third of each grant)

The technology platform delivery condition focuses on enabling services on Iress' new single product and technology platform. Platform Delivery performance will be measured at the end of the measurement period, with performance determined by the Board.

Platform vesting schedule	Threshold vesting (50% vesting of the tranche)	Between threshold and maximum vesting (75% vesting of the tranche)	Maximum vesting (100% vesting of the tranche)
Grant 1*	30%-50% of new services are enabled on the platform	N/A	>50% of new services are enabled on the platform
Grant 2*	30%-50% of existing services are enabled on the platform	30%-50% of existing services and every new service is enabled on the platform	Majority (>50%) of existing services and every new service is enabled on the platform

\* The vesting schedule is binary, with no straight-line vesting occurring between each performance outcome. No vesting of the tranche will apply for below threshold performance.

No retesting applies to Performance Right awards.

For Performance Rights awards between 2019 and 2021, the following vesting schedule applied:

### Iress' annualised ATSR over the three-year measurement period

	% of Performance Rights that will vest
Below 6.5%	0%
6.5%	50%
Between 6.5% and 10%	Pro-rata portion will vest on a straight-line basis between 50% (at 6.5%) and 100% (at 10%)
10% or higher	100%

The number of Performance Rights that will vest will depend on Iress' ATSR performance over the measurement period, measured using a twenty-trading-day VWAP at the start and end of the measurement period.



Termination of employment	If employment ceases due to resignation, termination for cause, or gross misconduct, unvested Performance Rights lapse. If employment ceases for other reasons, Performance Rights continue to be held subject to original terms on a pro-rata basis (subject to Board discretion).	
Change of control	Board discretion also applies to a change in control. The Board will consider time elapsed and performance achieved when exercising this discretion.	
Malus	Significant underperformance or misconduct can lead to reduced vesting at the Board’s discretion. In addition, the Board may decline to make future grants in such cases.	
Options		
An Option is a right to buy one Iress share upon vesting and exercise of that right at a set exercise price, subject to adjustment for certain capital actions. Options do not carry any dividend entitlements or voting rights. Shares allocated upon exercise carry the same rights as any other Iress share. The options granted to the CEO in 2022 have an exercise price of \$13.00.		
Purpose	To align interests with shareholders and reward shareholders returns.	
Opportunity	Executive KMPs	Award Value
	CEO	Grant 1: grant value \$686,235 Grant 2: grant value \$686,235
	Former CEO	N/A
	Executives	N/A
	The Award Value is equal to the 30% reduction in fixed remuneration comprising Base Salary and Equity Rights agreed to by the CEO (compared to the fixed remuneration for the former CEO) for the period from his commencement date to 31 December 2024. The reduction in fixed remuneration reflects the CEO’s intention to invest in Iress.	
	The number of Options granted is calculated using the Award Value, divided by the independent Black Scholes valuation of an Option for each grant using the twenty-trading-day VWAP up to and including the grant date.	
Performance measurement	The exercise price of the Options was set to reflect a premium to the pricing of the Performance Rights package approved by shareholders at the Company’s 2022 Annual General Meeting. The vesting of Options is not subject to any further performance conditions.	
Vesting and exercise period	The vesting period ends on the dates the Company announces its annual financial results to the ASX, which is estimated to be 20 February 2026 for Grant 1 and 22 February 2027 for Grant 2.  Once vested, Options can be exercised at any time during the two-year exercise period apart from any ‘blackout periods’ that apply under the Company’s Share Trading Policy. The exercise period is estimated to end on 28 February 2028 for Grant 1 and 28 February 2029 for Grant 2.	
Termination of employment	Subject to applicable law, in the event of cessation of employment for any reason:  i. after the end date of the vesting period for Grant 1, all Options will remain on issue and there will be no acceleration of any remaining vesting period nor change to any exercise period unless the Board determines otherwise; and  ii. before the end date of the vesting period for Grant 1, a pro rata portion of all of the Options will lapse reflecting the portion of that vesting period Marcus Price has not served and there will be no acceleration of any vesting period nor change to any exercise period unless the Board determines otherwise.  This position differs to the position for cessation of employment under the 2022 Equity Rights and 2022 Performance Rights (discussed above). This is because the grant of Options is provided in return for a 30% reduction in fixed remuneration.	
Change of control	Upon certain Change of Control events occurring, any remaining unexercised Options will vest immediately and be automatically exercised. Again, this position differs to the position for a Change of Control under 2022 Equity Rights and 2022 Performance Rights (discussed above). This is because the grant of Options is intended to accommodate the 30% reduction in fixed remuneration comprising Base Salary and Equity Rights.	
Malus	Significant misconduct can lead to reduced vesting at the Board’s discretion.	

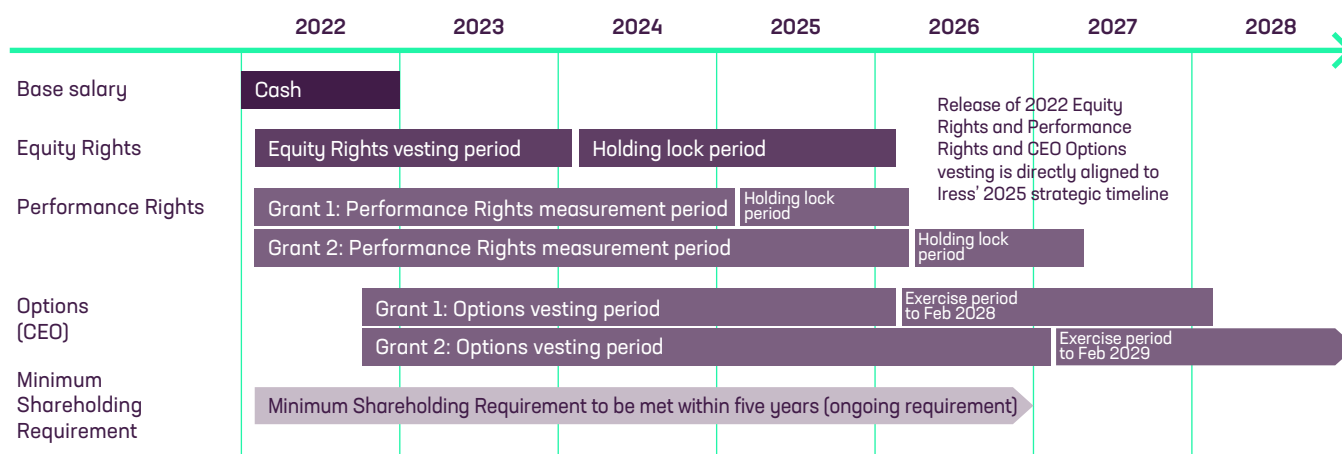
# Remuneration Report

For the year ended 31 December 2022

## Minimum shareholding requirement

- Executive KMP have a Minimum Shareholding Requirement to be met by December 2023, or within five years of commencing in their executive role. The requirement for the CEO and Executives is as follows:
  - CEO: 400% of base salary.
  - Executives: 225% of base salary.
- Unvested Equity Rights, vested Performance Rights and vested Options that are 'in the money' will count towards meeting the requirement. Unvested Performance Rights will not.
- The value of each holding will be calculated as the maximum of:
  - share price at the time of the measurement, or
  - share price at the time when equity is acquired (i.e., when Equity Rights are granted, when Performance Rights vest, and/or when fully-paid shares are purchased).
- Executive KMP progress towards the Minimum Shareholding Requirement is shown in Section 6.2.

Under the framework, remuneration for 2022 is delivered over a five-year timeframe for Executives, and up to seven years for the CEO, as shown below:



## 1.3 Approach to determining remuneration opportunities

For Executives including the former CEO, each remuneration component (Base Salary, Equity Rights and Performance Rights) is calculated as a proportion of Total Remuneration, as per the remuneration opportunities shown in Section 1.2. The Performance Rights include the 2023 Performance Rights allocation that was brought forward and granted in 2022.

For the CEO, 2022 remuneration was not set using a proportion of Total Remuneration approach. Rather, as described earlier in the report and in the Notice to the September 2022 Extraordinary General Meeting, the CEO was awarded:

- a pro-rata portion of the former CEO's Base Salary (reduced by 30%)
- a pro-rata portion of the former CEO's Equity Rights (reduced by 30%)
- the full value of the former CEO's 2022 Performance Rights
- Options in lieu of the 30% reduction of Base Salary and Equity Rights from his commencement to 31 December 2024.

In determining Total Remuneration, Iress considers the skills, experience, performance, and value to Iress of the individual and market pay levels of comparable roles. Total Remuneration is reviewed annually and approved by the Board for the CEO and by the PPC for other Executive KMP. Any decision to increase Total Remuneration is considered in the context of the resulting change to Base Salary, Equity Rights, and Performance Rights.

Iress serves multiple sophisticated client segments internationally, faces a range of competitors, and is exposed to global technology and regulatory influences. As a result, Iress competes for the best people globally.

The challenges and opportunities faced by Iress reflect the international nature of its business, its size, and the industries in which it operates. Recognising this, Iress generally considers two main comparator groups when assessing executive remuneration: ASX-listed technology companies with complex multinational operations of a similar size (assessed by market capitalisation); and, periodically, overseas-listed technology companies operating in a closely comparable industry segment with comparable scale.

The Board routinely assesses the remuneration approach against the market of such peers, and this was an important input to the changes made to executive remuneration in 2022. A further benchmarking exercise will be conducted when the executive remuneration framework is reviewed in 2023.

The 2022 remuneration outcomes for each member of the Executive KMP are shown in Section 2.5.

## Section 2 Performance and remuneration outcomes in 2022

### 2.1 Mechanisms that link remuneration to performance

Pay for Performance			
Our remuneration approach is supported by the following mechanisms that link reward outcomes to key measures of business performance and success.			
Group and individual performance impacts Executive KMP remuneration in four ways:			
Impact 1:	Impact 2:	Impact 3:	Impact 4:
Non-financial performance	Equity-based awards to align actual remuneration with long-term business success	Performance Right vesting subject to ATSR gateway and additional measures	Ultimate discretion from the Board to adjust remuneration in light of performance
<ul style="list-style-type: none"> <li>Individual and Group performance against the annual non-financial objectives set by the Board is a key consideration when the Board determines the Base Salary and Total Remuneration package of an executive.</li> </ul>	<ul style="list-style-type: none"> <li>Share price movements and dividends impact the value of equity over the three to five-year holding period and align reward with shareholder outcomes.</li> <li>Failure to deliver strong share price and dividend outcomes has a significant impact on individual remuneration outcomes.</li> </ul>	<ul style="list-style-type: none"> <li>Performance Right vesting is subject to a three-year and four-year ATSR gateway measure that aligns reward with shareholder outcomes.</li> <li>The significant proportion of Total Remuneration delivered via Performance Rights then only vests subject to performance against key business strategy objectives.</li> </ul>	<ul style="list-style-type: none"> <li>The Board has discretion to reduce, cancel or clawback equity remuneration if Group or individual performance is significantly below expectations, or in the event of individual misconduct. The discretion can be applied at grant, vesting, or during the equity restriction period.</li> <li>Remuneration can be adjusted prior to grant, during vesting, and after vesting as a result of performance.</li> </ul>

#### Board discretion

The Board has an overarching responsibility to ensure performance is managed appropriately, to maintain a focus on strong performance, and the long-term link of performance-to-remuneration outcomes.

Each year, the Board approves the Group financial and non-financial objectives consistent with the Group's risk appetite and specific targets for the Group to achieve its strategy. The Group's financial and non-financial objectives cascade down to individual objectives for each executive that are specific to each executive's role.

At all points throughout the remuneration and performance cycle (i.e., before grants are made, during vesting and holding periods, and following vesting) the Board and PPC review performance at a Group and individual level and retain discretion to reduce the value of awards in line with performance to maintain the alignment between performance and remuneration.

# Remuneration Report

For the year ended 31 December 2022

## 2.2 Group performance against objectives

The table below provides summary information on the Group's performance for the five years to 31 December 2022:

Measure	2022	2021	2020	2019	2018
Net Profit After Tax (\$'000s)	52,672	73,798	59,213	65,128	64,096
Revenue (\$'000s)	617,929	595,945	542,630	508,943	464,624
Basic Earnings per share (cents)	28.6	38.8	32.4	37.9	37.6
Return on Invested Capital	8.2%	10.5%	9.2%	11.4%	11.5%
Annual ATSR <sup>(a)</sup>	(21.1%)	26.5%	(18.0%)	23.5%	2.7%
Annualised 3-year ATSR <sup>(a)</sup>	(6.0%)	8.9%	1.3%	9.3%	8.7%

(a) All share prices and the TSR calculation are based on the twenty-trading-day volume weighted average share price on the relevant dates.

On a reported basis, Iress revenue grew 4% to \$617.9m due to higher pricing and new business won. NPAT decreased 29% to \$52.7m. The decrease in NPAT largely reflects the benefit in 2021 from the net provision release associated with the finalisation of QuantHouse and BC Gateways earnout arrangements (\$22.3m), which was reported within 'non-operating and significant items'.

The results on a constant currency basis were in line with the downgraded guidance given on 29 September 2022 but below the original guidance provided on 17 February 2022. The results were downgraded in September due to challenging macro conditions which resulted in timing delays in the conversion of new sales opportunities and higher supplier costs (largely in technology), in part driven by the impact of FX rates on USD pricing.

From a client segment perspective, performance was mixed.

- The APAC business had a good year with revenue growth of 6%. In particular, Superannuation grew strongly with revenue growth of 15% and the announcement of a material new client win.
- Mortgages also grew strongly with revenue up 9% on a constant currency basis and two new client implementations now underway.
- UK & Europe's performance had pockets of growth in Private Wealth and Trading recurring revenue but its overall performance was well below expectations due to a decline in Retail Wealth.

Management has made good progress against its non-financial objectives and strategic initiatives for 2022 including:

- launched Investment Infrastructure as first step in providing digital connectivity between platforms and Xplan to deliver increased adviser efficiency
- significant progress with the cloud migration which provides a solid foundation for transitioning to a cloud architecture model to unlock scale and efficiency
- decommissioning of a number of legacy applications to reduce complexity, increase efficiency and deliver better customer outcomes.

The business generated strong free cash flow<sup>(1)</sup> of \$69.7m in 2022 with cash conversion of 84%. This was returned to shareholders through dividends of 46.0 cents per share for the full year and a \$52.2m share buyback which completed the \$100m target commenced in 2021.

## 2.3 Change in value of equity held

Iress' remuneration framework directly links shareholder and executive outcomes. Executive KMPs hold a number of different equity types, which are affected by share price movements, including Performance Right awards that vest subject to TSR performance.

2022 financial performance will primarily be reflected in 2023 remuneration outcomes. Based on the share price at 31 December 2022, executives saw a 27.7% decrease in the value of their 2021 Equity Rights over the vesting period to date due to a decrease in the share price, which aligned with shareholders' experience. Given the negative Absolute Total Shareholder Return (ATSR) performance over the three years to 31 December 2022, no Performance Rights will vest to executives in February 2023. Executives were also impacted by the share price for all other equity on foot, which includes the 2019 and 2020 Equity Rights which were under a holding lock during 2022.

The Board viewed that overall financial performance was fairly reflected in the decreased value of the Equity Rights and nil vesting of the Performance Rights. Collectively, these outcomes constitute a substantial impact to the value of remuneration available to be realised by executives in 2023.

(1) Cash generated from operating activities less taxes, net interest, capital expenditure and lease payments.

## 2.4 Remuneration awarded in the current year

Following the 2021 year-end assessment of performance, the Board determined it was fair and appropriate that the equity grants made in early 2022 proceed in line with the remuneration opportunities disclosed in Section 1.2.

The remuneration awarded to Executive KMP in 2022 (and 2021) is shown below.

In the table below, Equity Rights, Transition Equity Rights and Performance Rights are shown at face value (reflecting share price at grant multiplied by the number of instruments granted). This differs from the portion of the grant date fair value expensed in 2022, which has been used to calculate remuneration in Section 2.5 Executive KMP statutory remuneration.

The combined face value of the two 2022 Performance Rights grants is higher than the 2021 Performance Rights grant for two reasons.

- Firstly, it combines two grants – one for 2022 and one for 2023. While the 2023 grant timing was brought forward, the vesting date was not adjusted. Instead, the performance period increased from three to four years to reflect the time horizon of the 2025 strategy. No further Performance Rights will be granted in 2023. Accordingly, this change has no impact on the aggregate cost to less, or value of the Total Remuneration available to Executive KMPs over the multi-year period.
- Secondly, the overall opportunity for each of the 2022 and 2023 grants was increased compared to 2021. While the face value is higher, the challenging performance hurdles mean Executive KMPs will earn less over the 2022-2025 period, versus the 2021 approach, if the hurdles are not met, especially for ATSR performance between the previous ATSR gateway of 6.5% and the new gateway of 10.0% (which previously resulted in 50-100% vesting and now result in 0% vesting). As a result of the more challenging ATSR gateway, the grant date fair valuation and share based payment expense of the Performance Rights granted in 2022 is \$4,266,343 (\$1,978,536 for the 2022 award and \$2,287,807 for the 2023 award), excluding the former CEO. This would be further reduced to the extent the other vesting conditions are not met.

Last year, it was estimated that the additional share based payment expense over the four year life of the scheme would be on average approximately \$1.1m per annum. The maximum additional share based payment expense based on the final grant valuation is on average \$0.5m per annum. Achievement of maximum performance under the 2022 plan would result in Executive KMP receiving approximately 2% of the total shareholder value created.

As approved by shareholders at the Extraordinary General Meeting in September 2022, Marcus Price stepped into the Managing Director and CEO package approved by shareholders in May 2022 with an additional one-off grant of Options with an equivalent value to the 30% reduction in his fixed remuneration comprising Base Salary and Equity Rights for the period through 31 December 2024.

The transition from Andrew Walsh to Marcus Price was structured to closely and promptly align Marcus Price's interests with shareholders and minimise any impact to the Company's FY22 profitability, with only a three-month Fixed Remuneration overlap during FY22. Andrew agreed to forfeit his 2022 Performance Rights, including his 2023 Performance Rights brought forward to 2022, on his retirement, despite the terms of grant allowing for pro-rata retention in the circumstances. The forfeiture was effected at the end of September 2022.

# Remuneration Report

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Executive KMP	Year	Base Salary \$	Equity Rights <sup>(a)</sup> \$	Additional Equity Rights <sup>(e)</sup> \$	Additional Transition Equity Rights <sup>(f)</sup> \$	Performance Rights <sup>(a)</sup> \$	Options <sup>(j)</sup> \$	Total remuneration \$
M Price <sup>(i)</sup>	2022	168,962	175,750	-	-	8,124,042	1,372,470	9,841,224
A Walsh <sup>(k,l)</sup>	2022	750,000	1,008,892	76,389	-	8,124,042	-	9,959,323
	2021	1,000,000	1,008,891	70,477	-	1,068,891	-	3,148,259
M Blomfield <sup>(b,h)</sup>	2021	488,095	300,010	-	-	300,010	-	1,088,115
J Das	2022	550,000	275,001	-	-	2,812,301	-	3,637,302
	2021	550,000	275,008	-	-	275,008	-	1,100,016
P Ferguson	2022	390,000	195,005	14,770	-	1,994,181	-	2,593,956
	2021	390,000	195,005	14,475	8,685	195,005	-	803,170
K Fisk <sup>(d)</sup>	2022	352,019	175,002	-	-	1,789,650	-	2,316,671
	2021	63,194	-	-	-	-	-	63,194
J Harris	2022	620,000	310,012	23,480	-	3,170,229	-	4,123,721
	2021	620,000	310,007	21,406	12,848	310,007	-	1,274,268
C Lill <sup>(b,g)</sup>	2021	325,397	200,003	10,908	6,541	200,003	-	742,852
J McNeill <sup>(c)</sup>	2022	414,698	213,283	16,562	-	2,181,112	-	2,825,655
	2021	425,926	204,846	15,450	9,270	204,846	-	860,338
S New <sup>(c)</sup>	2022	595,002	306,019	23,755	-	3,129,413	-	4,054,189
	2021	611,111	293,910	21,065	12,643	293,910	-	1,232,639
A Todd	2022	630,000	315,006	23,854	-	3,221,362	-	4,190,222
	2021	630,000	315,005	23,940	14,368	315,005	-	1,298,318
<b>Total Executive KMP</b>	<b>2022</b>	<b>4,470,681</b>	<b>2,973,970</b>	<b>178,810</b>	<b>-</b>	<b>34,546,332</b>	<b>1,372,470</b>	<b>43,542,263</b>
	<b>2021</b>	<b>5,103,723</b>	<b>3,102,685</b>	<b>177,721</b>	<b>64,355</b>	<b>3,162,685</b>	<b>-</b>	<b>11,611,169</b>

(a) The number of rights granted to each Executive KMP in 2022 and 2021 was based on the twenty-trading-day volume weighted average share price up to and including 31 December 2021 and 31 December 2020 respectively. Values estimate the maximum value available to vest in future years. The minimum value is zero as no rights vest if the vesting conditions are not satisfied.

(b) C Lill and M Blomfield ceased to be KMPs on 25 October 2021. Amounts shown reflect the part of the year as KMP.

(c) Salary of J McNeill and S New is denominated fully in British Pounds and is subject to FX movements. The Australian dollar amounts shown in the table were converted at an average foreign exchange rate of 0.55.

(d) K Fisk was appointed KMP from 25 October 2021. Her 2021 base salary includes an allowance for acting in the role of Chief Communications and Marketing Officer prior to permanent appointment to that role.

(e) Amount reflects the dividend equivalents granted in 2021 and 2022 upon vesting of the 2019 and 2020 Equity Rights respectively.

(f) Transition Equity Rights were a one-off grant of additional Equity Rights to recognise the cash flow impact of the transition to the new framework. Reported amount reflects the additional grant of Transition Equity Rights in 2021 equivalent to the dividend KMPs would have received if they had held Shares during the 2019 Transition Equity Rights Measurement Period.

(g) C Lill's 2021 Equity Rights and Performance Rights lapsed on cessation of employment on 17 December 2021.

(h) M Blomfield retained his 2021 Equity Rights on termination of employment on 27 October 2021, however, his 2021 Performance Rights were partially lapsed.

(i) M Price commenced as a NED on 26 July 2022, prior to assuming the Managing Director and CEO role on 3 October 2022. Amounts shown reflect the part of the year the individuals were KMPs.

(j) The number of Options granted was based on the fair value of an Option on the grant date for each grant using the twenty-trading-day volume weighted average share price up to and including the grant date 3 October 2022. Values estimate the maximum value available to vest in future years. The minimum value is zero as no options vest if the vesting conditions are not satisfied.

(k) A Walsh ceased to be KMP on 30 September 2022. Amounts shown reflect the part of the year as KMP.

(l) A Walsh's Performance Rights were forfeited when he ceased to be KMP on 30 September 2022.



## 2.5 Executive KMP statutory remuneration

The table below presents details of Executive KMP remuneration prepared in accordance with statutory requirements and accounting standards. Under AASB 2 *Share-based Payment*, equity is expensed based on the grant date fair value over the vesting period.

Executive KMP	Year	Short-term benefits \$	Post-employment benefits \$	Long-term benefits \$					Total remuneration \$
		Salary and fees <sup>(a)</sup>	Non-monetary benefits <sup>(b)</sup>	Superannuation	Share-based payments Deferred Share Rights <sup>(c)</sup> / Equity Rights and Transitional Equity Rights <sup>(d,j)</sup>	Share-based payments Performance Rights	Share-based payments Options	Long-service leave (LSL) <sup>(l)</sup>	
M Price <sup>(e,k)</sup>	2022	168,962	-	6,781	47,948	371,665	51,276	-	646,632
A Walsh <sup>(f,k)</sup>	2022	750,000	-	26,250	898,706	278,112	-	(37,829)	1,915,239
	2021	1,000,000	-	27,500	1,153,023	594,550	-	(7,166)	2,767,907
M Blomfield <sup>(g,k)</sup>	2021	488,095	-	32,117	100,463	5,685	-	-	626,360
J Das	2022	550,000	-	27,500	193,890	207,495	-	3,740	982,625
	2021	550,000	-	37,026	92,091	19,022	-	2,284	700,423
P Ferguson	2022	390,000	2,580	28,475	166,549	170,763	-	(3,882)	754,485
	2021	390,000	2,580	25,975	234,148	71,302	-	1,987	725,992
K Fisk <sup>(h,k)</sup>	2022	354,019	2,280	32,050	53,936	117,697	-	4,539	564,521
	2021	63,194	380	6,319	-	-	-	4,311	74,204
J Harris	2022	620,000	2,580	27,500	263,301	270,929	-	16,617	1,200,927
	2021	620,000	2,580	27,500	363,488	109,218	-	12,599	1,135,385
C Lill <sup>(g,k)</sup>	2021	325,397	-	19,411	48,403	15,479	-	(9,248)	399,442
J McNeill <sup>(i)</sup>	2022	429,303	12,904	37,323	196,257	186,465	-	-	862,252
	2021	440,926	11,391	38,333	258,166	76,920	-	-	825,736
S New <sup>(i)</sup>	2022	595,002	4,690	29,750	278,098	267,165	-	-	1,174,705
	2021	611,111	4,598	30,556	358,356	105,542	-	-	1,110,163
A Todd	2022	630,000	-	27,500	270,067	276,039	-	8,239	1,211,845
	2021	630,000	-	27,500	383,221	115,979	-	15,409	1,172,109
<b>Total</b>	<b>2022</b>	<b>4,487,286</b>	<b>25,034</b>	<b>243,129</b>	<b>2,368,752</b>	<b>2,146,330</b>	<b>51,276</b>	<b>(8,576)</b>	<b>9,313,231</b>
	<b>2021</b>	<b>5,118,723</b>	<b>21,529</b>	<b>272,237</b>	<b>2,991,359</b>	<b>1,113,697</b>	<b>-</b>	<b>20,176</b>	<b>9,537,721</b>

(a) Salary and fees includes allowances and short-term compensated absences paid during the 2021 and 2022 years.

(b) Non-monetary benefits include health and life insurance subsidies.

(c) Deferred Share Rights were granted under the previous remuneration framework in 2019 in relation to performance in the 2018 financial year. Vesting for the Deferred Share Rights award is conditional on three-years' continued service and achievement of a satisfactory level of individual performance during these three years.

(d) Transition Equity Rights were a one-off additional grant in 2019 to Executives (excluding the CEO) to offset the negative cash flow impact resulting from the introduction of the new executive remuneration framework in 2019. Transition Equity Rights have the same vesting conditions and holding restrictions as the annual ER allocations.

(e) M Price commenced as a NED on 26 July 2022, prior to assuming the Managing Director and CEO role on 3 October 2022.

(f) A Walsh ceased to be a KMP on 30 September 2022.

(g) C Lill and M Blomfield ceased to be KMPs on 25 October 2021.

(h) K Fisk was appointed as KMP from 25 October 2021. Her 2021 base salary includes an allowance for acting in the role of Chief Communications and Marketing Officer prior to permanent appointment to that role.

(i) Remuneration of J McNeill and S New is denominated fully in British Pounds and is subject to Fx movements. The Australian dollar amounts shown in the table were converted at an average foreign exchange rate of 0.55 (2021:0.54). The amounts included under Superannuation refer to Pension for these individuals.

(j) Share Based Payments for J McNeill and S New include the payment of cash dividend replacement for their vested but unexercised 2019 Equity Rights and 2019 Transitional Equity Rights. Cash dividend replacement is only applicable to KMPs in the UK.

(k) Amounts shown reflect the part of the year the individuals were KMP.

(l) The movements in LSL for some KMPs are negative. This is due to the change in discount rates used to calculate the provision based on government rates. For the remaining KMPs other movements were higher than the change in discount rates.

# Remuneration Report

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## 2.6 Remuneration realised from equity granted in previous years

### Equity Rights granted in 2020

Equity Rights granted in 2020 were eligible to vest in February 2022 subject to continued service. Performance is reflected in share price movements and dividends earned, which collectively impact the value of Equity Rights. Following the 2021 year-end assessment of performance, the Board determined it was fair and appropriate, under the terms of the award, that the 2020 Equity Rights vest. These Equity Rights are under restriction until February 2024 (or August 2024 if the relevant executive elected for the voluntary holding lock to also apply).

### Performance Rights granted in 2019

For Performance Rights granted in 2019, vesting was based on ATSR performance over the measurement period: 0% of the rights vest for compound annual growth ATSR performance below 6.5%, 50% vest at 6.5% and 100% of the rights vest at 10% with pro-rata vesting on a straight-line basis in between.

In February 2022, based on Iress' compound annual growth ATSR performance of 8.9% in the preceding three-year period up to 31 December 2021, there was partial vesting of Performance Rights granted to the CEO and other executives in 2019.

Award	Measurement period	At end of testing period <sup>(a)</sup>	
		IRE ATSR compound annual growth rate	Final vesting
CEO and executive 2019 three-year	1 Jan 2019 to 31 Dec 2021	8.9%	83.8%

(a) TSR amounts are calculated as per the terms of each Performance Rights offer, which provide for a twenty-trading-day volume weighted average share price at the start and end of the measurement period.

### Performance Rights granted prior to 2019

Performance Rights granted prior to 2019 had similar terms to the Performance Rights grants from 2019 onwards. The main difference was that vesting was based on RTSR performance over the measurement period and, for the CEO, the measurement period was up to four years. Accordingly, the 2018 CEO Performance Rights were eligible to vest in 2022. Iress' TSR was measured against a comparator group consisting of companies listed in the S&P/ASX 200 index, excluding mining and resource companies, and listed property trusts. The comparator group companies were determined as at 1 January of the year of grant.

For all Performance Rights granted prior to 2019, 0% of the rights vest for RTSR performance below the 50th percentile, 50% vest at the 50th percentile and 100% of the rights vest for RTSR performance of 75th percentile with pro-rata vesting on a straight-line basis in between. Iress allowed for one re-test, six months after the initial test date, for any portions of awards that did not vest on the initial test date.

In May 2022, based on Iress' RTSR performance in the preceding three and four year periods up to 31 December 2021, there was partial vesting of the four-year Performance Rights and no vesting of the three-year Performance Rights granted to the CEO in 2018. Upon retesting for performance on 30 June 2022, there was no additional vesting.

Award	Initial measurement period <sup>(a)</sup>	At end of initial retesting period <sup>(a)</sup>	
		RTSR percentile	Final vesting
CEO 2018 four-year	1 Jan 2018 to 31 Dec 2021	58.5th	67.0%
CEO 2018 three-year deferred start	1 Jan 2019 to 31 Dec 2021	49.0th	0%

(a) TSR amounts are calculated as per the terms of each Performance Rights offer, which provide for a twenty-trading-day volume weighted average share price at the start and end of the measurement period.

The Board also determined there were no individual performance or conduct issues and the full value of Performance Rights as determined by the ATSR (for the former CEO and Executives) and RTSR (for the former CEO) performance would vest.

### Actual realised remuneration

The value of equity vested to Executive KMP in 2022 (and 2021) is shown below. In addition to the 2018 Performance Rights for the CEO and 2019 Performance Rights for the CEO and other executives, the 2022 realised remuneration includes Deferred Share Rights granted in 2019 under the previous remuneration framework.

Total actual realised remuneration decreased in 2022, which was primarily driven by the reduced number of Executive KMP (S New assumed the role of Chief Commercial Officer upon the resignation of M Blomfield and retained his existing Client Solutions portfolio) and there being no Transitional Equity Rights vesting in 2022. Transitional Equity Rights were a one-off grant of additional Equity Rights in 2019 to recognise the cash flow impact of the changes to the executive remuneration framework in that year.

Executive KMP	Financial Year	Base Salary \$	Deferred Share Rights vested <sup>(a)</sup> \$	Performance Rights vested <sup>(a)</sup> \$	Equity Rights vested \$	Transitional Equity Rights vested \$	Additional Equity Rights vested <sup>(b)</sup> \$	Additional Transitional Equity Rights vested <sup>(c)</sup> \$	Total remuneration \$
M Price <sup>(d,i)</sup>	2022	168,962	-	-	-	-	-	-	168,962
A Walsh <sup>(e,i)</sup>	2022	750,000	465,221	1,062,622	836,935	-	75,809	-	3,190,587
	2021	1,000,000	515,845	1,006,321	780,019	-	70,477	-	3,372,662
M Blomfield <sup>(f,i)</sup>	2021	488,095	-	-	-	-	-	-	488,095
J Das	2022	550,000	-	-	-	-	-	-	550,000
	2021	550,000	-	-	-	-	-	-	550,000
P Ferguson	2022	390,000	108,489	149,891	161,768	-	14,658	-	824,806
	2021	390,000	127,417	132,368	160,156	96,094	14,475	8,685	929,195
K Fisk <sup>(g,i)</sup>	2022	352,019	-	-	-	-	-	-	352,019
	2021	63,194	-	-	-	-	-	-	63,194
J Harris	2022	620,000	161,776	221,740	257,171	-	23,302	-	1,283,989
	2021	620,000	186,218	198,538	236,930	142,162	21,406	12,848	1,418,102
C Lill <sup>(f,i)</sup>	2021	325,397	98,017	99,269	120,668	72,397	10,908	6,541	733,197
J McNeill <sup>(h)</sup>	2022	414,698	115,032	159,972	181,394	-	16,437	-	887,533
	2021	425,926	137,756	141,828	170,928	102,557	15,450	9,270	1,003,715
S New <sup>(h)</sup>	2022	595,002	147,178	218,136	260,261	-	23,574	-	1,244,151
	2021	611,111	172,198	165,453	233,080	139,852	21,065	12,643	1,355,402
A Todd	2022	630,000	182,710	247,997	261,313	-	23,673	-	1,345,693
	2021	630,000	215,628	207,997	264,974	158,986	23,940	14,368	1,515,893
<b>Total Executive KMP</b>	<b>2022</b>	<b>4,470,681</b>	<b>1,180,406</b>	<b>2,060,358</b>	<b>1,958,842</b>	<b>-</b>	<b>177,453</b>	<b>-</b>	<b>9,847,740</b>
	<b>2021</b>	<b>5,103,723</b>	<b>1,453,079</b>	<b>1,951,774</b>	<b>1,966,755</b>	<b>712,048</b>	<b>177,721</b>	<b>64,355</b>	<b>11,429,455</b>

(a) The value of equity that vested is based on the twenty-trading-day volume weighted average share price up to and including the vesting date. A dash indicates that the executive started with the Group after the eligibility date for this award or was not eligible for the award. This differs from fair value expensed in 2022, which has been used to calculate remuneration in Section 2.4.

(b) Amount reflects the additional Equity Rights that vested in 2022 (and 2021) equivalent to the dividend KMPs would have received if they had held Shares during the Measurement Period for the 2020 (and 2019) Equity Rights (calculated on an accumulating basis, i.e. assuming the dividends are reinvested). Additional Equity Rights are restricted until 2024 (and 2023) when Equity Rights are also released from restriction.

(c) The reported amount reflects the additional vesting of Transitional Equity Rights in 2021 equivalent to the dividend KMPs would have received if they had held Shares during the Measurement Period (calculated on an accumulating basis, i.e. assuming the dividends are reinvested).

(d) M Price commenced as a NED on 26 July 2022, prior to assuming the Managing Director and CEO role on 3 October 2022.

(e) A Walsh ceased to be a KMP on 2 October 2022.

(f) C Lill and M Blomfield ceased to be KMPs on 25 October 2021.

(g) K Fisk was appointed as a KMP from 25 October 2021. Her 2021 base salary includes an allowance for acting in the role of Chief Communications and Marketing Officer prior to permanent appointment to that role.

(h) Salary of J McNeill and S New is denominated fully in British Pounds and is subject to Fx movements. The Australian dollar amounts shown in the table were converted at an average foreign exchange rate of 0.55 (2021:0.54).

(i) Amounts shown reflect part of the year the individuals were KMP.

# Remuneration Report

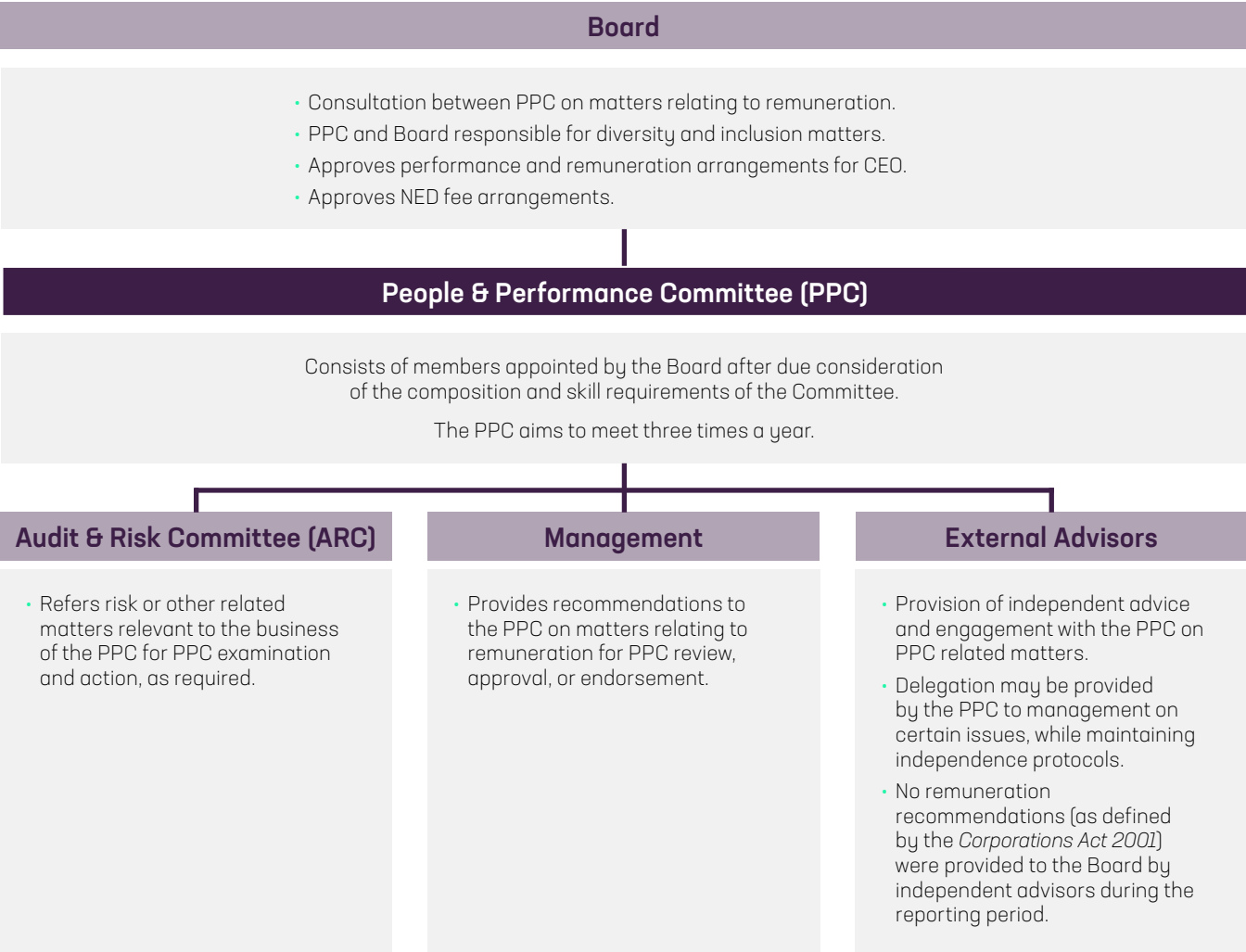
For the year ended 31 December 2022

## Section 3 Remuneration governance

### 3.1 Overview

The People & Performance Committee (PPC) works closely with the Board to apply the Group’s remuneration philosophy and ensure the Company’s remuneration strategy supports the creation of sustainable shareholder value. One of the main roles of the PPC is to assist and advise the Board to fulfil its responsibilities on remuneration matters. The PPC takes into account a wide variety of information including business strategy and culture, stakeholder interests, market practice, and corporate governance principles. Input from other stakeholders is provided as required.

The following table summarises the role and responsibility of the PPC as it pertains to remuneration governance and interaction with other key bodies.



The PPC is responsible for:

- Making recommendations to the Board in relation to company-wide remuneration strategies.
- Reviewing the remuneration packages for new and current executives (other than the CEO, for which remuneration decisions are undertaken at the Board level), and approving the base salary and incentives proposed by the CEO under these packages.
- Reviewing the performance evaluations prepared by the CEO for executives, and reporting on these evaluation criteria and their application to the Board.
- Developing and regularly reviewing succession plans prepared by the CEO for executives.
- Monitoring key appointments and departures as well as trends relating to recruitment, retention, termination, leave and diversity statistics, any key work health and safety issues and human resource projects.
- Thorough oversight of remuneration strategies for the executives with consideration of alignment to the success of the Company without rewarding conduct that is contrary to the Company's values, policies and risk appetite.
- Approving the remuneration policy for all other employees.
- Approving awards under employee equity plans, the terms on which the equity awards are offered, vesting outcomes and amending, suspending and cancelling plans.
- Reviewing the superannuation and pension arrangements for staff on the recommendation of the CEO.

More information about the Board's role in remuneration governance can be found at <https://www.iress.com/trust/corporate-governance/governance-documents/board-charter/>.

### 3.2 Executive KMP service agreements

All Executive KMP have a formal service agreement. Agreements are of an ongoing nature and have no set term of service. Termination entitlements for Executive KMP are limited to twelve months' base salary unless shareholder approval is received.

The key terms of the service agreement for the CEO are summarised below.

Criterion	Arrangements
Term of contract	Ongoing.
Resignation	The CEO may resign by providing six months' written notice. <sup>(a)</sup>
Termination on notice by Iress	Iress may terminate the employment agreement of the CEO by providing six months' written notice, or payment in lieu of the notice period. <sup>(a)</sup>
Redundancy	If Iress terminates employment for reasons of bona fide redundancy, a severance payment will be made. The quantum of the payment will be determined subject to the Board's discretion, considering matters such as statutory requirements, the executive's contribution, position and length of service.
Termination for serious misconduct	Iress may terminate the employment agreement at any time without notice.
Non-compete	A non-compete arrangement exists for a period of six months following employment with the Group. <sup>(b)</sup>

(a) For Executives the notice period is either one month or six months.

(b) The non-compete period is up to twelve months for Executives.



# Remuneration Report

For the year ended 31 December 2022

## Section 4 Non-executive Director fees

### 4.1 Fee policy

Non-Executive Directors (NED) receive fees for their services plus the reimbursement of reasonable expenses. To ensure objective and independent oversight of the Group, a NED does not participate in performance-based incentives or receive post-employment benefits.

The fee levels that applied during 2022 were:

Role		Fee (\$)
Board	Board Chair	240,000 <sup>(a)</sup>
	Member	130,000
<b>Additional fees for serving on the committees</b>		
Audit & Risk Committee	Chair	24,000
	Member	Nil
PPC	Chair	24,000
	Member	Nil

(a) The Chairman is entitled to the Board Chair fee only (no additional Committee fees).

NED fees are reviewed at appropriate intervals and are determined by the Board in consideration of fees paid in comparable companies.

There were no changes to NED fees in 2022 and no changes are anticipated for 2023.

NEDs have a Minimum Shareholding Requirement to be met either by 31 December 2022, or within three years of their appointment if past this date. Further details are provided in Section 5.2. NEDs are required to accrue and hold Iress equity equivalent to 100% of the base fee for being a Member of the Board, unless otherwise determined by the Board.

### 4.2 Maximum aggregate NED fee pool

The maximum aggregate pool available for NED fees is approved by the shareholders at the Annual General Meeting in accordance with the Group's Constitution. The maximum pool is set around the median of comparable companies, to provide the ability for Iress to attract and retain appropriately qualified and experienced directors.

The maximum aggregate fee pool of \$1,500,000 per annum was approved at the Annual General Meeting in May 2019. The total amount of remuneration paid to NEDs in 2022 was \$907,222 (2021: \$1,068,182).

### 4.3 2022 Non-Executive Director remuneration

The total remuneration for NEDs during 2022 and 2021 is set out in the table below. This table is prepared in accordance with statutory requirements and accounting standards.

Non-Executive Director	Year	Short-term benefits	Post-employment entitlements	Total <sup>(a)</sup> (\$)
		Fees (\$)	Superannuation (\$)	
A D'Aloisio <sup>(c)</sup>	2021	76,431	7,261	83,692
R Sharp <sup>(b)</sup>	<b>2022</b>	<b>217,688</b>	<b>22,312</b>	<b>240,000</b>
	2021	167,058	16,416	183,474
N Beattie	<b>2022</b>	<b>130,296</b>	<b>13,355</b>	<b>143,651</b>
	2021	129,705	12,645	142,350
J Cameron <sup>(e)</sup>	<b>2022</b>	<b>51,061</b>	<b>5,105</b>	<b>56,166</b>
	2021	118,452	11,548	130,000
M Dwyer	<b>2022</b>	<b>117,914</b>	<b>12,086</b>	<b>130,000</b>
	2021	118,452	11,548	130,000
J Fahey	<b>2022</b>	<b>139,683</b>	<b>14,317</b>	<b>154,000</b>
	2021	140,320	13,680	154,000
J Hayes <sup>(c)</sup>	2021	49,043	4,659	53,702
G Tomlinson <sup>(c)</sup>	2021	45,333	-	45,333
T Vonhoff <sup>(d)</sup>	<b>2022</b>	<b>147,000</b>	<b>7,000</b>	<b>154,000</b>
	2021	136,177	9,454	145,631
A Glenning <sup>(f)</sup>	<b>2022</b>	<b>26,611</b>	<b>2,794</b>	<b>29,405</b>
<b>Total Non-Executive Director fees</b>	<b>2022</b>	<b>830,253</b>	<b>76,969</b>	<b>907,222</b>
	<b>2021</b>	<b>980,971</b>	<b>87,211</b>	<b>1,068,182</b>

(a) NED fees are paid inclusive of superannuation for all NEDs except for N Beattie, who is paid superannuation on-top of fees based due to being based in the UK and the difficulties estimating the proportion of her fees that will relate to work performed in Australia.

(b) R Sharp was appointed to the Board as NED on 18 February 2021, and as Non-Executive Chairman on 6 May 2021.

(c) A D'Aloisio, J Hayes and G Tomlinson ceased to be a NEDs on 6 May 2021.

(d) Iress was exempt from the Superannuation Guarantee Charge for T Vonhoff for 3 months in 2021 and 6 months in 2022.

(e) John Cameron ceased to be a NED on 5 May 2022.

(f) A Glenning was appointed to the Board as a NED effective 11 October 2022.

# Remuneration Report

For the year ended 31 December 2022

## Section 5 Additional required disclosures

### 5.1 Unvested equity

The table below presents the Equity Rights, Deferred Share Rights and Performance Rights and Options held during the financial year by each Executive KMP. No rights are granted to NED or related parties. Any rights that vest will be automatically exercised on or around the time Iress notifies the participant that their rights have vested. Equity Rights, Deferred Share Rights, and Performance Rights are granted for no consideration, and upon vesting, can be exercised at no cost. Options granted in 2022 are exercisable between the vesting date and expiry date upon payment of the exercise price of \$13 per option.

Executive KMP	Type of equity	Grant date	Number granted	Fair value	Vesting date	Expiry date	Number	% vested	Number lapsed	% lapsed	Number Unvested
				at grant date			vested (a,b)				
M Price	Equity Rights	3-Oct-22	13,865	8.25	28-Feb-24	28-Feb-24	-	0.00%	-	0.00%	13,865
	Performance Rights	3-Oct-22	370,910	1.96	31-Mar-25	31-Mar-25	-	0.00%	-	0.00%	370,910
	Performance Rights	3-Oct-22	370,910	2.03	31-Mar-26	31-Mar-26	-	0.00%	-	0.00%	370,910
	Options	3-Oct-22	666,248	0.61	20-Feb-26	28-Feb-28	-	0.00%	-	0.00%	666,248
	Options	3-Oct-22	591,582	0.73	22-Feb-27	28-Feb-29	-	0.00%	-	0.00%	591,582
	Total of Equity Rights and Deferred Share Rights										13,865
	Total of Options										1,257,830
Total of Performance Rights										741,820	
A Walsh (a)	Equity Rights	9-May-22	79,592	9.54	28-Feb-24	28-Feb-24	-	0.00%	-	0.00%	79,592
	Additional Equity Rights	1-Mar-22	6,946	9.54	1-Mar-22	1-Mar-22	6,946	100.00%	-	0.00%	-
	Performance Rights	9-May-22	370,910	3.00	31-Mar-25	31-Mar-25	-	0.00%	370,910	100.00%	-
	Performance Rights	9-May-22	370,910	2.85	31-Mar-26	31-Mar-26	-	0.00%	370,910	100.00%	-
	Equity Rights	7-May-21	97,089	9.01	28-Feb-23	28-Feb-23	-	0.00%	-	0.00%	97,089
	Performance Rights	7-May-21	102,863	3.19	28-Feb-24	28-Feb-24	-	0.00%	-	0.00%	102,863
	Equity Rights	8-May-20	76,374	11.86	28-Feb-22	28-Feb-22	76,374	100.00%	-	0.00%	-
	Performance Rights	8-May-20	80,916	2.61	28-Feb-23	28-Feb-23	-	0.00%	-	0.00%	80,916
	Performance Rights	10-May-19	80,020	8.60	28-Feb-22	28-Feb-22	67,057	83.80%	12,963	16.20%	-
	Deferred Share Rights	10-May-19	42,736	12.73	10-May-22	10-May-22	42,736	100.00%	-	0.00%	-
	Performance Rights	10-May-18	45,605	5.75	10-May-22	10-May-22	-	0.00%	45,605	100.00%	-
	Performance Rights	10-May-18	45,605	5.78	10-May-22	10-May-22	30,556	67.00%	15,049	33.00%	-
	Total of Equity Rights and Deferred Share Rights										176,681
	Total of Performance Rights										183,779
J Das	Equity Rights	28-Feb-22	21,695	9.32	28-Feb-24	28-Feb-24	-	0.00%	-	0.00%	21,695
	Performance Rights	28-Feb-22	128,398	3.16	31-Mar-25	31-Mar-25	-	0.00%	-	0.00%	128,398
	Performance Rights	28-Feb-22	128,398	2.84	31-Mar-26	31-Mar-26	-	0.00%	-	0.00%	128,398
	Equity Rights	26-Feb-21	26,465	8.27	28-Feb-23	28-Feb-23	-	0.00%	-	0.00%	26,465
	Performance Rights	26-Feb-21	26,465	2.56	28-Feb-24	28-Feb-24	-	0.00%	-	0.00%	26,465
	Total of Equity Rights and Deferred Share Rights										48,160
Total of Performance Rights										283,261	
P Ferguson	Equity Rights	28-Feb-22	15,384	9.32	28-Feb-24	28-Feb-24	-	0.00%	-	0.00%	15,384
	Additional Equity Rights	1-Mar-22	1,343	2.84	1-Mar-22	1-Mar-22	1,343	100.00%	-	0.00%	-
	Performance Rights	28-Feb-22	91,046	3.16	31-Mar-25	31-Mar-25	-	0.00%	-	0.00%	91,046
	Performance Rights	28-Feb-22	91,046	2.84	31-Mar-26	31-Mar-26	-	0.00%	-	0.00%	91,046
	Equity Rights	26-Feb-21	18,766	8.27	28-Feb-23	28-Feb-23	-	0.00%	-	0.00%	18,766
	Performance Rights	26-Feb-21	18,766	2.56	28-Feb-24	28-Feb-24	-	0.00%	-	0.00%	18,766
	Equity Rights	28-Feb-20	14,762	11.86	28-Feb-22	28-Feb-22	14,762	100.00%	-	0.00%	-
	Performance Rights	28-Feb-20	14,762	3.81	28-Feb-23	28-Feb-23	-	0.00%	-	0.00%	14,762
	Performance Rights	28-Feb-19	16,430	5.54	28-Feb-22	28-Feb-22	13,769	83.80%	2,661	16.20%	-
	Deferred Share Rights	10-May-19	9,966	12.73	10-May-22	10-May-22	9,966	100.00%	-	0.00%	-
	Total of Equity Rights and Deferred Share Rights										34,150
	Total of Performance Rights										215,620

Executive KMP	Type of equity	Grant date	Number granted	Fair value at grant date	Vesting date	Expiry date	Number vested (a,b)	% vested	Number lapsed	% lapsed	Number Unvested
<b>J Harris</b>	Equity Rights	28-Feb-22	24,457	9.32	28-Feb-24	28-Feb-24	-	0.00%	-	0.00%	24,457
	Additional Equity Rights	1-Mar-22	2,135	9.32	1-Mar-22	1-Mar-22	2,135	100.00%	-	0.00%	-
	Performance Rights	28-Feb-22	144,739	3.16	31-Mar-25	31-Mar-25	-	0.00%	-	0.00%	144,739
	Performance Rights	28-Feb-22	144,740	2.84	31-Mar-26	31-Mar-26	-	0.00%	-	0.00%	144,740
	Equity Rights	26-Feb-21	29,833	8.27	28-Feb-23	28-Feb-23	-	0.00%	-	0.00%	29,833
	Performance Rights	26-Feb-21	29,833	2.56	28-Feb-24	28-Feb-24	-	0.00%	-	0.00%	29,833
	Equity Rights	28-Feb-20	23,468	11.86	28-Feb-22	28-Feb-22	23,468	100.00%	-	0.00%	-
	Performance Rights	28-Feb-20	23,468	3.81	28-Feb-23	28-Feb-23	-	0.00%	-	0.00%	23,468
	Performance Rights	28-Feb-19	24,306	5.54	28-Feb-22	28-Feb-22	20,369	83.80%	3,937	16.20%	-
	Deferred Share Rights	10-May-19	14,861	12.73	10-May-22	10-May-22	14,861	100.00%	-	0.00%	-
	<b>Total of Equity Rights and Deferred Share Rights</b>										<b>54,290</b>
	<b>Total of Performance Rights</b>										<b>342,780</b>
<b>K Fisk (d)</b>	Equity Rights	28-Feb-22	13,806	9.32	28-Feb-24	28-Feb-32	-	0.00%	-	0.00%	13,806
	Performance Rights	28-Feb-22	81,708	3.16	31-Mar-25	28-Feb-32	-	0.00%	-	0.00%	81,708
	Performance Rights	28-Feb-22	81,708	2.84	31-Mar-26	28-Feb-32	-	0.00%	-	0.00%	81,708
	Deferred Shares	26-Feb-21	1,639	9.19	28-Feb-24	28-Feb-24	-	0.00%	-	0.00%	1,639
	Deferred Shares	26-Feb-21	1,637	9.19	28-Feb-23	28-Feb-23	-	0.00%	-	0.00%	1,637
	Deferred Shares	26-Feb-21	1,637	9.19	26-Feb-22	26-Feb-22	1,637	100.00%	-	0.00%	-
	Deferred Shares	28-Feb-20	1,066	11.86	28-Feb-23	28-Feb-23	-	0.00%	-	0.00%	1,066
	Deferred Shares	28-Feb-20	1,064	11.86	28-Feb-22	28-Feb-22	1,064	100.00%	-	0.00%	-
	Deferred Shares	28-Feb-19	746	12.00	28-Feb-22	28-Feb-22	746	100.00%	-	0.00%	-
	<b>Total of Equity Rights and Deferred Share Rights</b>										<b>18,148</b>
	<b>Total of Performance Rights</b>										<b>163,416</b>
<b>J McNeill (e)</b>	Equity Rights	28-Feb-22	16,826	9.32	28-Feb-24	28-Feb-26	-	0.00%	-	0.00%	16,826
	Additional Equity Rights	1-Mar-22	1,506	9.32	1-Mar-24	1-Mar-24	-	0.00%	-	0.00%	1,506
	Performance Rights	28-Feb-22	99,580	3.16	31-Mar-25	31-Mar-26	-	0.00%	-	0.00%	99,580
	Performance Rights	28-Feb-22	99,581	2.84	31-Mar-26	31-Mar-27	-	0.00%	-	0.00%	99,581
	Equity Rights	26-Feb-21	19,713	8.27	28-Feb-23	28-Feb-25	-	0.00%	-	0.00%	19,713
	Performance Rights	26-Feb-21	19,713	2.56	28-Feb-24	28-Feb-24	-	0.00%	-	0.00%	19,713
	Equity Rights	28-Feb-20	16,553	11.86	28-Feb-22	28-Feb-24	16,553	100.00%	-	0.00%	-
	Performance Rights	28-Feb-20	16,553	3.81	28-Feb-23	28-Feb-23	-	0.00%	-	0.00%	16,553
	Performance Rights	28-Feb-19	17,535	5.54	28-Feb-22	28-Feb-22	14,695	83.80%	2,840	16.20%	-
	Deferred Share Rights	10-May-19	10,567	12.73	10-May-22	10-May-22	10,567	100.00%	-	0.00%	-
	<b>Total of Equity Rights and Deferred Share Rights</b>										<b>38,045</b>
	<b>Total of Performance Rights</b>										<b>235,427</b>

# Remuneration Report

For the year ended 31 December 2022

Executive KMP	Type of equity	Grant date	Number granted	Fair value at grant date	Vesting date	Expiry date	Number vested (a,b)	% vested	Number lapsed	% lapsed	Number Unvested
<b>S New<sup>(e)</sup></b>	Equity Rights	28-Feb-22	24,142	9.32	28-Feb-24	28-Feb-26	-	0.00%	-	0.00%	24,142
	Additional Equity Rights	1-Mar-22	2,160	9.32	1-Mar-24	1-Mar-24	-	0.00%	-	0.00%	2,160
	Performance Rights	28-Feb-22	142,876	3.16	31-Mar-25	31-Mar-26	-	0.00%	-	0.00%	142,876
	Performance Rights	28-Feb-22	142,876	2.84	31-Mar-26	31-Mar-27	-	0.00%	-	0.00%	142,876
	Equity Rights	26-Feb-21	28,284	8.27	28-Feb-23	28-Feb-25	-	0.00%	-	0.00%	28,284
	Performance Rights	26-Feb-21	28,284	2.56	28-Feb-24	28-Feb-24	-	0.00%	-	0.00%	28,284
	Equity Rights	28-Feb-20	23,750	11.86	28-Feb-22	28-Feb-24	23,750	100.00%	-	0.00%	-
	Performance Rights	28-Feb-20	23,750	3.81	28-Feb-23	28-Feb-23	-	0.00%	-	0.00%	23,750
	Performance Rights	28-Feb-19	23,911	5.54	28-Feb-22	28-Feb-22	20,038	83.80%	3,873	16.20%	-
	Deferred Share Rights	10-May-19	13,520	12.73	10-May-22	10-May-22	13,520	100.00%	-	0.00%	-
	<b>Total of Equity Rights and Deferred Share Rights</b>										<b>54,586</b>
	<b>Total of Performance Rights</b>										<b>337,786</b>
<b>A Todd</b>	Equity Rights	28-Feb-22	24,851	9.32	28-Feb-24	28-Feb-24	-	0.00%	-	0.00%	24,851
	Additional Equity Rights	1-Mar-22	2,169	2.84	1-Mar-22	1-Mar-22	2,169	100.00%	-	0.00%	-
	Performance Rights	28-Feb-22	147,074	3.16	31-Mar-25	31-Mar-25	-	0.00%	-	0.00%	147,074
	Performance Rights	28-Feb-22	147,074	2.84	31-Mar-26	31-Mar-26	-	0.00%	-	0.00%	147,074
	Equity Rights	26-Feb-21	30,314	8.27	28-Feb-23	28-Feb-23	-	0.00%	-	0.00%	30,314
	Performance Rights	26-Feb-21	30,314	2.56	28-Feb-24	28-Feb-24	-	0.00%	-	0.00%	30,314
	Equity Rights	28-Feb-20	23,846	11.86	28-Feb-22	28-Feb-22	23,846	100.00%	-	0.00%	-
	Performance Rights	28-Feb-20	23,846	3.81	28-Feb-23	28-Feb-23	-	0.00%	-	0.00%	23,846
	Performance Rights	28-Feb-19	27,183	5.54	28-Feb-22	28-Feb-22	22,781	83.81%	4,402	16.19%	-
	Deferred Share Rights	10-May-19	16,784	12.73	10-May-22	10-May-22	16,784	100.00%	-	0.00%	-
	<b>Total of Equity Rights and Deferred Share Rights</b>										<b>55,165</b>
	<b>Total of Performance Rights</b>										<b>348,308</b>

(a) This includes equity instruments held by the individual and in a nominated trust.

(b) All Equity Rights, Deferred Share Rights and Performance Rights that vested during the year were exercisable, except for participants in the UK.

(c) The 2022 Performance Rights for A Walsh were forfeited on cessation as Managing Director and CEO effective 30 September 2022.

(d) K Fisk was awarded Deferred Shares prior to being appointed KMP on 25 October 2021.

(e) Equity Rights vested for UK participants during the year are not exercisable until the end of the exercise restriction period.



## 5.2 Shareholdings

The number of ordinary shares held in Iress Limited during the financial year by each KMP is set out below. Included for each individual are shares held on their behalf by the trustee of the Iress Limited Equity Plans Trust and their personally related parties.

### NED

NEDs have a Minimum Shareholding Requirement to be met either by 31 December 2022, or within three years of their appointment if past this date. NEDs are required to accrue and hold Iress equity equivalent to 100% of the base fee for being a Member of the Board, unless otherwise determined by the Board.

NED	Balance as at 1 Jan 2022	Shares acquired during the year	Other changes	Balance as at 31 Dec 2022	Value of holdings as a % of base fees <sup>(a)</sup>	Date Minimum Shareholding Requirement to be met <sup>(b) (c)</sup>
R Sharp	10,000	10,202	-	20,202	153%	18-Feb-24
N Beattie	11,185	4,635	-	15,820	119%	31-Dec-22
J Cameron <sup>(d)</sup>	42,426	-	-	42,426	N/A	N/A
M Dwyer	-	12,609	-	12,609	100%	1-Feb-23
J Fahey	2,669	10,556	-	13,225	111%	31-Dec-22
A Glenning <sup>(e)</sup>	-	-	-	-	0%	11-Oct-25
T Vonhoff	19,179	4,685	-	23,864	202%	1-Feb-23
<b>Total</b>	<b>85,459</b>	<b>42,687</b>	<b>-</b>	<b>128,146</b>		

(a) The value of shares for the purpose of the Minimum Shareholding Requirement calculation is the higher of the share price at 31 December 2022 (twenty-trading-day volume-weighted average share price up to and including 31 December 2022) and the purchase price.

(b) NEDs appointed on or after 1 January 2020 are required to accrue and hold Iress equity equivalent to 100% of the base fee for being a Member of the Board within three years of their appointment.

(c) NEDs appointed prior to 1 January 2020 are required to accrue and hold Iress equity equivalent to 100% of the base fee for being a Member of the Board by 31 December 2022.

(d) Balance as at 5 May 2022, when John Cameron ceased to be NED.

(e) A Glenning was appointed to the Board as NED on 11 October 2022.

# Remuneration Report

For the year ended 31 December 2022

## Executive KMP

Executive KMPs have a Minimum Shareholding Requirement to be met either by December 2023, or within five years of commencing if past this date. The CEO is required to accrue and hold Iress equity equivalent to 400% of base salary, which for M Price is required by 3 October 2027. Executives are required to hold 225% of their base salary. This requirement only applies to equity granted from 2019 onwards. Unvested Equity Rights and Transition Equity Rights count towards the requirement but unvested Performance Rights and Options do not.

Executive KMP	Prior remuneration framework awards (pre 2019) and directly acquired shares				New remuneration framework awards (2019 and after)							Date	Value of Total Holdings as % of base salary <sup>(j)</sup>
	Balance as at 1 Jan 2022	Shares acquired during the year <sup>(a)</sup>	Other changes	Balance as at 31 Dec 2022 <sup>(b)</sup>	Balance as at 1 Jan 2022	Equity Rights granted during the year <sup>(c)</sup>	Equity Rights Lapsed during the year	Shares acquired during the year <sup>(d)</sup>	Other Changes	Balance as at 31 Dec 2022 <sup>(b)</sup>	Value of Holding as % of base salary <sup>(e)</sup>	Minimum Shareholding Requirement to be met <sup>(f) (g) (h)</sup>	
M Price <sup>(i)</sup>	-	-	-	-	-	13,865	-	49,668	-	63,533	103%	3-Oct-27	103%
A Walsh <sup>(k)</sup>	525,996	42,736	(119,475)	449,257	260,713	86,538	-	97,613	-	444,864	525%	n/a	1004%
J Das	-	-	-	-	26,465	21,695	-	-	-	48,160	100%	15-Sep-25	100%
P Ferguson	25,563	9,966	(5,049)	30,480	62,192	16,727	-	13,769	-	92,688	280%	31-Dec-23	363%
K Fisk	8,011	3,447	(3,447)	8,011	-	13,806	-	-	-	13,806	50%	1-Dec-26	74%
J Harris	56,454	14,861	(36,194)	35,121	95,705	26,592	-	20,369	-	142,666	271%	31-Dec-23	331%
J McNeill	19,421	10,567	(13,769)	16,219	66,858	18,332	-	14,695	(8,023)	91,862	255%	31-Dec-23	295%
S New	27,699	13,520	(7,381)	33,838	93,750	26,302	-	20,038	(10,939)	129,151	258%	31-Dec-23	319%
A Todd	16,869	16,784	(16,073)	17,580	101,583	27,020	-	22,781	-	151,384	283%	31-Dec-23	313%
Total	680,013	111,881	(201,388)	590,506	707,266	250,877	-	238,933	(18,962)	1,178,114			

(a) Shares acquired by executive KMP during the year were acquired on the exercise of 2019 Deferred Share Rights and 2018 Performance Rights (for A Walsh) or directly acquired.

(b) This includes equity instruments held individually and in trusts.

(c) This includes 2022 Equity Rights and 2020 Additional Equity Rights granted this year.

(d) Shares acquired by executive KMP during the year were acquired on the exercise of 2019 Performance Rights or purchased (by M Price).

(e) The value of holding as a % of base salary was calculated in accordance with the Minimum Shareholding Requirement Policy.

(f) CEO required to accrue and hold Iress equity equivalent to 400% of base salary within five years of appointment.

(g) Other Executive KMP appointed prior to 1 January 2019: Required to accrue and hold Iress equity equivalent to 225% of their base salary by 31 December 2023.

(h) Other Executive KMP appointed on or after 1 January 2019: Required to accrue and hold Iress equity equivalent to 225% of their base salary within five years of their appointment.

(i) For equity awarded under pre 2019 remuneration frameworks and directly acquired shares, the share price at 31 December 2022 (twenty-trading-day volume-weighted average share price up to and including 31 December 2022) was used to calculate the value.

(j) M Price commenced as a NED on 26 July 2022, prior to assuming the Managing Director and CEO role on 3 October 2022.

(k) Balances as at 30 September 2022, when A Walsh ceased to be KMP.

### 5.3 Transactions with KMP

No transactions (excluding share-based payment compensation) occurred between KMP and the Group during 2022.

### 5.4 Loans to KMP or related parties

No loans to KMP or related parties were provided during 2022.

This Directors' Report has been verified by Management and reviewed by the Company's Board of Directors and its Audit and Risk Committee.

Signed in accordance with a resolution of the Directors made pursuant to s.298(2) of the *Corporations Act 2001 (Cth)*.



**Roger Sharp**  
Chair

Melbourne  
20 February 2023



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

# Auditor's Independence Declaration



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20 February 2023

The Board of Directors  
Iress Limited  
Level 16, 385 Bourke Street  
MELBOURNE VIC 3000

Dear Board Members

## Auditor's Independence Declaration to Iress Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Iress Limited.

As lead audit partner for the audit of the financial report of Iress Limited for the financial year year ended 31 December 2022. I declare that to the best of my knowledge and belief, there have been no contraventions of:

- i. The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- ii. Any applicable code of professional conduct in relation to the audit.

Yours faithfully

  
DELOITTE TOUCHE TOHMATSU

  
Stephen Roche  
Partner  
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

# Financial Statements

For the year ended 31 December 2022

This is the financial report for Iress Limited (the 'Company') and its controlled entities (collectively referred to as the 'Group' or 'Iress') for the year ended 31 December 2022.

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# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 \$'000	2021 \$'000
Revenue from contracts with customers	1.3(a)	617,928	595,945
Customer data fees		(57,490)	(52,975)
Communication and other technology expenses		(76,616)	(65,094)
Employee benefit expenses	1.4	(311,547)	(302,915)
Net other expenses	1.6	(51,009)	(26,075)
Depreciation and amortisation expense	1.7	(40,655)	(46,978)
<b>Profit before interest and income tax expense</b>		<b>80,611</b>	<b>101,908</b>
Interest income		1,007	193
Interest expense		(13,698)	(9,235)
<b>Net interest and financing costs</b>	<b>3.1(d)</b>	<b>(12,691)</b>	<b>(9,042)</b>
<b>Profit before income tax expense</b>		<b>67,920</b>	<b>92,866</b>
Income tax expense	4.1(a)	(15,248)	(19,068)
<b>Profit after income tax expense</b>		<b>52,672</b>	<b>73,798</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Net movement of cash flow hedge		(150)	-
Exchange differences on translation of foreign operations <sup>(1)</sup>		(12,693)	12,467
Tax-related to exchange differences recognised directly in foreign currency translation reserve <sup>(2)</sup>		-	(51)
<b>Total other comprehensive (loss)/income for the period</b>		<b>(12,843)</b>	<b>12,416</b>
<b>Total comprehensive income for the period</b>		<b>39,829</b>	<b>86,214</b>

		Cents per share	Cents per share
<b>Earnings per share</b>			
Basic earnings per share	1.2(a)	28.6	38.8
Diluted earnings per share	1.2(a)	28.0	38.5

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

(1) Under AASB121 - *The Effects of Changes in Foreign Exchange Rates*, the foreign exchange gains or losses on these monetary items are recognised directly in other comprehensive income rather than the profit or loss.

(2) Relates to the tax effect on the exchange differences arising from intercompany monetary items that are treated as part of a net investment in a foreign operation.

# Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	2022 \$'000	2021 <sup>(1)</sup> \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	1.8(a)	63,353	64,393
Receivables and other assets	2.5(a)	83,661	74,401
Current taxation receivables		11,552	9,831
<b>Total current assets</b>		<b>158,566</b>	<b>148,625</b>
<b>Non-current assets</b>			
Intangible assets	2.1(a)	724,998	742,615
Plant and equipment	2.2(a)	28,519	32,068
Right-of-use assets	2.3(c)	60,638	77,737
Deferred tax assets	4.1(c)	27,340	31,580
<b>Total non-current assets</b>		<b>841,495</b>	<b>884,000</b>
<b>Total assets</b>		<b>1,000,061</b>	<b>1,032,625</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables and other liabilities	2.6	81,791	77,508
Lease liabilities	2.3(d)	15,447	15,384
Provisions	2.7(a)	9,628	15,346
Derivative liabilities	2.4(d)	150	-
Current taxation payables		451	605
<b>Total current liabilities</b>		<b>107,467</b>	<b>108,843</b>
<b>Non-current liabilities</b>			
Lease liabilities	2.3(d)	58,880	77,470
Provisions	2.7(a)	2,463	2,950
Borrowings	3.1(a)	388,424	296,530
Deferred tax liabilities	4.1(c)	9,014	9,919
<b>Total non-current liabilities</b>		<b>458,781</b>	<b>386,869</b>
<b>Total liabilities</b>		<b>566,248</b>	<b>495,712</b>
<b>Net assets</b>		<b>433,813</b>	<b>536,913</b>
<b>EQUITY</b>			
Issued capital	3.2	419,065	493,883
Share-based payments reserve		26,329	26,178
Cash flow hedge reserve	2.4(d)	(150)	-
Foreign currency translation reserve		(5,370)	7,323
(Accumulated losses)/retained earnings		(6,061)	9,529
<b>Total equity</b>		<b>433,813</b>	<b>536,913</b>

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

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Issued Capital \$'000	Share-based Payments Reserve \$'000	Cash flow hedge reserve \$'000	Foreign Currency Translation Reserve \$'000	(Accumulated Losses)/ Retained Earnings	Total Equity
<b>Balance at 1 January 2021</b>	<b>558,416</b>	<b>35,020</b>	<b>-</b>	<b>(5,093)</b>	<b>(1,545)</b>	<b>586,798</b>
Profit for the year	-	-	-	-	73,798	73,798
Other comprehensive income	-	-	-	12,416	-	12,416
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,416</b>	<b>73,798</b>	<b>86,214</b>
<i>Transactions with owners in their capacity as owners:</i>						
Shares issued during the year <sup>(2)</sup>	445	-	-	-	-	445
Purchase of shares for employee share schemes <sup>(3)</sup>	(20,387)	-	-	-	-	(20,387)
On-market buy-back of shares <sup>(4)</sup>	(47,781)	-	-	-	-	(47,781)
Dividends declared <sup>(5)</sup>	3,190	-	-	-	(88,986)	(85,796)
Share-based payment expense, net of tax <sup>(6)</sup>	-	17,420	-	-	-	17,420
Transfer of share-based payments reserve <sup>(7)</sup>	-	(26,262)	-	-	26,262	-
	<b>(64,533)</b>	<b>(8,842)</b>	<b>-</b>	<b>-</b>	<b>(62,724)</b>	<b>(136,099)</b>
<b>Balance at 31 December 2021</b>	<b>493,883</b>	<b>26,178</b>	<b>-</b>	<b>7,323</b>	<b>9,529</b>	<b>536,913</b>

	Issued Capital <sup>(1)</sup> \$'000	Share-based Payments Reserve \$'000	Cash flow hedge reserve <sup>(8)</sup> \$'000	Foreign Currency Translation Reserve \$'000	(Retained Earnings/ Accumulated Losses) \$'000	Total Equity \$'000
<b>Balance at 1 January 2022</b>	<b>493,883</b>	<b>26,178</b>	<b>-</b>	<b>7,323</b>	<b>9,529</b>	<b>536,913</b>
Profit for the year	-	-	-	-	52,672	52,672
Other comprehensive loss	-	-	(150)	(12,693)	-	(12,843)
<b>Total comprehensive (loss)/income</b>	<b>-</b>	<b>-</b>	<b>(150)</b>	<b>(12,693)</b>	<b>52,672</b>	<b>39,829</b>
<i>Transactions with owners in their capacity as owners:</i>						
Shares issued under employee Share Purchase Plan	394	-	-	-	-	394
Purchase of shares for employee share schemes <sup>(3)</sup>	(22,957)	-	-	-	-	(22,957)
On-market buy-back of shares <sup>(4)</sup>	(52,255)	-	-	-	-	(52,255)
Dividends declared or paid	-	-	-	-	(86,858)	(86,858)
Share-based payment expense, net of tax <sup>(6)</sup>	-	18,747	-	-	-	18,747
Transfer of share-based payments reserve <sup>(7)</sup>	-	(18,596)	-	-	18,596	-
	<b>(74,818)</b>	<b>151</b>	<b>-</b>	<b>-</b>	<b>(68,262)</b>	<b>(142,929)</b>
<b>Balance at 31 December 2022</b>	<b>419,065</b>	<b>26,329</b>	<b>(150)</b>	<b>(5,370)</b>	<b>(6,061)</b>	<b>433,813</b>

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

- (1) During the year, the total number of ordinary shares in issue decreased from 189,628,356 to 184,582,474 as result of the on-market buy-back. The number of treasury shares outstanding as at 31 December 2022 is 3,381,003 (2021: 2,446,754). Refer to Note 3.2.
- (2) Shares issued to satisfy Employee Share Plan obligations. Refer to Note 3.2.
- (3) On-market purchase of treasury shares by the employee share trust to satisfy Employee Share Plan obligations. Refer to Note 3.2.
- (4) Repurchase of fully-paid ordinary shares as part of the on-market buy-back, including capitalised share issue costs incurred during the period. Refer to Note 3.2.
- (5) Shares issued under the Dividend Reinvestment Plan. Refer to Note 3.2. For dividends declared refer to Note 1.2(c).
- (6) The share-based payment expense on the vesting of employee share-based payments had no tax impact.
- (7) The movement from share-based payment reserves to retained earnings represents the grant date fair value of share-based payments that have vested or lapsed during the year. The amount had previously been recognised as a share-based payment expense over the vesting period. Details of share-based payment arrangements are provided in Note 1.5.
- (8) The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction affects the profit or loss, or is included directly in the initial cost or other carrying amount of the hedged non-financial items (basis adjustment).

# Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Notes	2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
Cash generated from operating activities	1.8(b)	139,290	135,807
Interest received		537	253
Interest and borrowing costs paid		(11,151)	(6,349)
Interest on lease liabilities	2.3(a)	(2,309)	(2,461)
Income tax paid		(13,788)	(26,040)
<b>Net cash inflow generated from operating activities</b>		<b>112,579</b>	<b>101,210</b>
<b>Cash flows from investing activities</b>			
Payments for development of intangible assets	2.1(a)	(19,903)	(13,476)
Payments for purchase of plant and equipment	2.2(a)	(7,706)	(10,654)
Proceeds from sale of plant and equipment		53	6
Payment for deferred consideration <sup>(1)</sup>	2.7(b)	(4,400)	(10,432)
<b>Net cash outflow utilised by investing activities</b>		<b>(31,956)</b>	<b>(34,556)</b>
<b>Cash flows from financing activities</b>			
Purchase of shares for employee share schemes	3.2	(22,957)	(20,336)
On-market buyback of shares, net of tax	3.2	(52,224)	(47,805)
Share buyback fees paid	3.2	(31)	(51)
Proceeds from employee share plan repayments	3.2	394	445
Payment of lease liabilities	2.3(d)	(15,283)	(14,437)
Dividends paid		(86,896)	(85,717)
Proceeds from borrowings	3.1(b)	369,850	349,739
Repayment of borrowings	3.1(b)	(270,704)	(246,226)
<b>Net cash outflow utilised by financing activities</b>		<b>(77,851)</b>	<b>(64,388)</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,772</b>	<b>2,266</b>
Cash and cash equivalents at the beginning of the financial year		64,393	63,141
Effects of exchange rate changes on cash and cash equivalents		(3,812)	(1,014)
<b>Cash and cash equivalents at end of the year</b>		<b>63,353</b>	<b>64,393</b>

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

(1) Deferred consideration paid in the current and previous year are in relation to the 2019 acquisition of QuantHouse. Refer to Note 2.7.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## Section 1. Financial results

### 1.1. Segment information

Iress has a global presence. The Managing Director and Chief Executive Officer (Iress' Chief Operating Decision Maker) receives internal reporting split by the segments listed below.

Any transactions directly between segments are charged on an arm's length basis.

Iress segments comprise:

#### (a) Client segments

Client segment financial performance is measured in terms of revenue and direct contribution (defined as revenue less the direct costs of the customer-facing teams that oversee this revenue generation). The Group's client segments are:

##### APAC

Consists of:

- the Trading & Market Data business, which provides market data, trading, compliance, order management, portfolio systems and related tools to financial markets participants in Australia, New Zealand and Asia;
- the Financial Advice business, which provides financial planning systems and related tools to wealth management professionals located in Australia and New Zealand; and
- the Superannuation business, which provides fund administration software and related tools to the superannuation industry.

##### UK & Europe

Incorporates the financial markets business, which provides information, trading, compliance, order management, portfolio systems, and related tools to cash equity participants; and the wealth management business, which provides financial planning systems and related tools to wealth management professionals located in the United Kingdom. In addition, market data services are provided to customers throughout the UK and Europe.

##### Mortgages

The Mortgages segment operates in the United Kingdom to provide mortgage origination software and associated consulting services to banks.

##### South Africa

Provides information, trading, compliance, order management, portfolio systems and related tools to financial markets participants and provides financial planning systems and related tools to wealth management professionals located in South Africa.

##### North America

Provides information, trading, compliance, order management, portfolio systems and related tools to financial markets and wealth management participants in Canada. In addition, market data services are provided to customers in the United States of America.

#### (b) Cost segments

##### Product & Technology

All costs associated with product and technology will be reported under this segment, giving a clear view of the substantial investment made by Iress in maintaining and enhancing its products.

##### Operations

Includes costs to run client-facing and corporate operations activity, including hosting and networks, information security, client help desks, and property infrastructure.

##### Corporate

All other corporate functions include legal, finance and administration, human resources, communications and marketing, Board of Directors, and Chief Executive Officer.

(c) The revenue, segment profit and reconciliation to the Group results are shown below:

		Operating revenue <sup>(1)</sup>		Direct contribution	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Client segments	APAC	356,515	335,346	247,409	239,049
	UK & Europe	153,469	156,157	95,138	98,029
	Mortgages	31,481	29,477	21,717	21,095
	South Africa	43,445	43,450	32,865	33,793
	North America	33,018	31,515	14,604	14,522
	<b>Total group</b>	<b>617,928</b>	<b>595,945</b>	<b>411,733</b>	<b>406,488</b>
Cost segments	Product & Technology			(133,611)	(135,048)
	Operations			(66,740)	(60,031)
	Corporate			(46,247)	(45,177)
	<b>Total indirect costs</b>			<b>(246,598)</b>	<b>(240,256)</b>
Group results	<b>Group segment profit</b>			<b>165,135</b>	<b>166,232</b>
	Share-based payment expense			(18,747)	(17,419)
	<b>Segment profit after share-based payment expense</b>			<b>146,388</b>	<b>148,813</b>
	Non-operating and significant items <sup>(2)</sup>			(25,122)	73
	Depreciation and amortisation			(40,655)	(46,978)
	<b>Profit before interest and income tax expense</b>			<b>80,612</b>	<b>101,908</b>
	Net interest and financing costs			(12,691)	(9,042)
	Income tax expense			(15,248)	(19,068)
<b>Net profit after income tax expense</b>				<b>52,672</b>	<b>73,798</b>

(1) Operating revenue is recognised over time in accordance with AASB 15 *Revenue from Contracts with Customers*.

(2) Predominantly relates to significant non-recurring project expenses, business acquisition and integration expenses, revaluation of financial liabilities relating to deferred contingent consideration, and realised and unrealised foreign exchange gains and losses. Refer to Note 1.6.

(d) Operating revenue and non-current assets by geographical area, being Australia & New Zealand, Asia, UK & Europe, South Africa and North America are outlined below:

		Operating revenue		Non-current assets <sup>(1)</sup>	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Australia & New Zealand		342,639	323,785	265,648	261,567
Asia		13,876	11,561	444	636
<b>Total APAC</b>		<b>356,515</b>	<b>335,346</b>	<b>266,092</b>	<b>262,203</b>
UK & Europe		184,950	185,634	462,880	488,324
Africa		43,445	43,450	14,792	14,435
North America		33,018	31,515	9,753	9,721
<b>Grand total</b>		<b>617,928</b>	<b>595,945</b>	<b>753,517</b>	<b>774,683</b>

(1) Excludes right-of-use assets and deferred taxes, and predominantly relates to intangible assets. Refer to Note 2.1.



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2022

## 1.2 Earnings per share and dividends per share

(a) Basic and diluted earnings per share, and dividends per share, for the year are:

	Cents per share 2022	Cents per share 2021
Earnings per share	28.6	38.8
Diluted earnings per share	28.0	38.5
<b>Dividends per share:</b>		
Interim dividend franked to 25% (2021: 80%)	16.0	16.0
Final dividend declared after the Statement of Financial Position date franked to 0% (2021: 15%)	30.0	30.0

(b) The weighted average number of shares used to calculate earnings per share is as follows:

	Number of shares 2022 '000	Number of shares 2021 '000
Weighted average number of ordinary shares used in basic earnings per share	184,157	190,355
Effect of potentially dilutive shares	4,078	1,120
<b>Weighted average number of ordinary shares used in diluted earnings per share</b>	<b>188,235</b>	<b>191,475</b>

(c) Dividends recognised during the year and after the Statement of Financial Position date were as follows:

	2022 \$'000	2021 \$'000
<b>Dividends paid during the year</b>		
Final dividend for 2021 30.0 cents per share franked to 15% (2020: 30.0 cents per share franked to 40%)	56,889	57,998
Interim dividend for 2022 16.0 cents per share franked to 25% (2021: 16.0 cents per share franked to 80%)	29,969	30,988
	<b>86,858</b>	<b>88,986</b>
<b>Dividends declared after balance date</b>		
Since the end of the year, the Directors declared a final dividend of 30.0 cents per share franked to 0% (2021: 30.0 cents per share franked to 15%)	55,375	56,889
<b>Franking credit balance</b>		
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2021: 30%)	185	424

## 1.3 Revenue from contracts with customers

Iress designs, develops, and delivers technology solutions for the financial services industry in Australia, Asia, New Zealand, UK & Europe, South Africa and North America.

From these activities, Iress generates the following streams of revenue:

- Software licence revenue.
- Implementation and consulting revenue.
- Royalties revenue from the provision of financial market information.
- Other ancillary fees such as hosting and support service fees.

Each of the above services delivered to customers are considered separate performance obligations, even though for practical expedience they may be governed by a single legal contract with the customer.

Revenue recognition for each of the above revenue streams is as follows:

Revenue stream	Performance obligation	Timing of recognition
<b>Software licence revenue</b>	Access to software.	<p>Software licence revenue is recognised over time as the customer simultaneously receives and consumes the benefit of accessing the software.</p> <p>Revenue can either be calculated based on the number of licences used and rate per licence, or as a negotiated package for large customers, or based on funds under administration or transaction volume.</p> <p>Software licence revenue is recognised as the amount to which the Group has a right to invoice.</p> <p>Customers are typically invoiced monthly and consideration is payable when invoiced, which corresponds directly with the performance completed to date in respect of this stream.</p>
<b>Implementation and consulting revenue</b>	As defined in the contract. For implementation revenue – typically the completion of data conversions, completion of user acceptance testing, provision of functional environments.	<p>Revenue is recognised over time as services are delivered.</p> <p>Revenue from providing services is recognised in the accounting period in which the services are rendered.</p> <p>Revenue is calculated based on time and materials used.</p> <p>For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period.</p> <p>Recognition is determined based on the actual labour hours spent as a proportion of total expected hours. This requires a judgement of the forecast expected hours and changes in implementation timing.</p> <p>If contracts include the installation of hardware, revenue for the hardware is recognised at a point in time when the hardware is delivered, the legal title has passed, and the customer has accepted the hardware.</p>
<b>Royalties revenue</b>	Provision of financial market information.	<p>Royalties revenue is recognised over time as the customer simultaneously receives and consumes the benefit of accessing the information.</p> <p>Royalties revenue is recognised as the amount to which the Group has the right to invoice.</p> <p>Customers are typically invoiced monthly and consideration is payable when invoiced, which corresponds directly with the performance completed to date in respect of this stream.</p>
<b>Other ancillary fees</b>	Provision of hosting services, cloud services, support and maintenance services.	<p>Over time, as the customer simultaneously receives and consumes the benefit of the communication line/server hardware/cloud infrastructure.</p> <p>Customers are typically invoiced monthly in advance in accordance with their agreements. There is generally a longer lead time for new lines/servers than our other revenue streams.</p>

Some contracts include multiple deliverables, such as implementation services and software licences.

Because the implementation services do not include client-specific material software customisation, and could be performed by another party, the implementation service and software licences are accounted for as separate performance obligations. In these cases, the transaction prices are allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus a margin.

In fixed-price contracts, the customer pays the fixed amount based on an agreed payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

If the contract includes an hourly fee, revenue is recognised at the amount to which the Group has the right to invoice (i.e. based on hours actually incurred in providing the service to the client). Customers are generally invoiced monthly for their access in that month, and consideration is payable when invoiced.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2022

## 1.3 Revenue from contracts with customers (continued)

(a) Revenue by client segment is summarised below:

Revenue stream	Revenue recognition	APAC \$'000	UK & Europe \$'000	Mortgages \$'000	South Africa \$'000	North America \$'000	Total \$'000
<b>For the year ended 31 December 2021</b>							
Software licence revenue	Over time	285,910	130,209	17,121	40,133	23,898	<b>497,271</b>
Implementation and consulting revenue	Over time	9,739	1,777	12,224	95	-	<b>23,835</b>
Royalties revenue	Over time	27,749	9,457	-	1,745	3,969	<b>42,920</b>
Other ancillary fees	Over time	11,948	14,714	132	1,477	3,648	<b>31,919</b>
<b>Total revenue</b>		<b>335,346</b>	<b>156,157</b>	<b>29,477</b>	<b>43,450</b>	<b>31,515</b>	<b>595,945</b>

Revenue stream	Revenue recognition	APAC \$'000	UK & Europe \$'000	Mortgages \$'000	South Africa \$'000	North America \$'000	Total \$'000
<b>For the year ended 31 December 2022</b>							
Software licence revenue	Over time	304,483	129,204	19,633	39,801	26,266	<b>519,387</b>
Implementation and consulting revenue	Over time	9,627	1,368	11,572	105	-	<b>22,672</b>
Royalties revenue	Over time	30,294	10,105	-	1,973	4,626	<b>46,998</b>
Other ancillary fees	Over time	12,111	12,792	276	1,566	2,126	<b>28,871</b>
<b>Total revenue</b>		<b>356,515</b>	<b>153,469</b>	<b>31,481</b>	<b>43,445</b>	<b>33,018</b>	<b>617,928</b>

(b) Receivables, contract assets, and contract liabilities from contracts with customers by client segment are summarised below:

	Notes	APAC \$'000	UK & Europe \$'000	Mortgages \$'000	South Africa \$'000	North America \$'000	Total \$'000
<b>For the year ended 31 December 2021</b>							
Trade receivables	2.5(a)	18,152	12,232	557	1,773	837	<b>33,551</b>
Contract assets	2.5(a)	7,478	3,943	1,862	404	-	<b>13,687</b>
Contract liabilities	2.6	(1,319)	(13,192)	(1,424)	(35)	(534)	<b>(16,504)</b>

	Notes	APAC \$'000	UK & Europe \$'000	Mortgages \$'000	South Africa \$'000	North America \$'000	Total \$'000
<b>For the year ended 31 December 2022</b>							
Trade receivables	2.5(a)	20,867	10,987	101	2,100	745	<b>34,800</b>
Contract assets	2.5(a)	6,240	3,337	2,377	350	-	<b>12,304</b>
Contract liabilities	2.6	(1,447)	(13,739)	(1,669)	(79)	(267)	<b>(17,201)</b>

**(c) Revenue recognised in relation to contract assets and liabilities**

The following table shows the revenue recognised in the current reporting period in relation to the contract assets and contract liabilities:

	Contract assets		Contract liabilities	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Balance at the beginning of the year	13,687	16,397	(16,504)	(13,413)
Transfer from contract assets to receivables	(13,460)	(16,691)	-	-
Revenue raised for work performed but not yet billed	12,341	13,595	-	-
Decrease due to revenue recognised from performance obligations satisfied	-	-	16,063	13,382
Increase due to cash received, excluding amount recognised during the year	-	-	(16,907)	(16,471)
Foreign currency translation	(264)	386	147	(2)
<b>Balance at the end of the year</b>	<b>12,304</b>	<b>13,687</b>	<b>(17,201)</b>	<b>(16,504)</b>

**(d) Transaction price allocated to the remaining performance obligations**

The following table includes the revenue on existing contracts expected to be recognised in the future which relates to performance obligations that are unsatisfied (or partially satisfied) at the reporting date:

Year in which transaction price is expected to be realised	Revenue stream	Revenue recognition	APAC \$'000	UK & Europe \$'000	Mortgages \$'000	South Africa \$'000	North America \$'000	Total \$'000
<b>2023</b>	Software licence revenue	Over time	-	2,839	-	2	-	2,841
	Implementation and consulting revenue	Over time	6,530	466	2,063	-	-	9,059
	Other ancillary fees	Over time	-	-	-	2	165	167
	<b>Total revenue</b>		<b>6,530</b>	<b>3,305</b>	<b>2,063</b>	<b>4</b>	<b>165</b>	<b>12,067</b>
<b>2024</b>	Software licence revenue	Over time	-	765	-	-	-	765
	Implementation and consulting revenue	Over time	7,140	-	-	-	-	7,140
	Other ancillary fees	Over time	-	-	-	-	118	118
	<b>Total revenue</b>		<b>7,140</b>	<b>765</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,023</b>
<b>2025</b>	Software licence revenue	Over time	-	245	-	-	-	245
	<b>Total revenue</b>		<b>-</b>	<b>245</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>245</b>
<b>Total</b>	Software licence revenue	Over time	-	3,849	-	2	-	3,851
	Implementation and consulting revenue	Over time	13,670	466	2,063	-	-	16,199
	Other ancillary fees	Over time	-	-	-	2	283	285
	<b>Total revenue</b>		<b>13,670</b>	<b>4,315</b>	<b>2,063</b>	<b>4</b>	<b>283</b>	<b>20,335</b>

The Group applies the practical expedient in the revenue standard and does not disclose information about the remaining performance obligation on contracts that have an original expected duration of one year or less, or where the Group has the right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance to date.

The table above, therefore, does not include revenue expected to be recognised in future years on software licences, royalties and other ongoing contracts where the Group will recognise revenue in the amount to which the entity has a right to invoice.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2022

## 1.4 Employee benefit expenses

Short-term employee benefits, mainly comprising base salary and annual leave costs, are expensed as the employee renders services.

Post-employment benefits, which comprise Iress' contribution to defined contribution retirement plans, are expensed as the service is received from the employee.

Termination benefits are amounts paid to employees when their employment is terminated. These are expensed when Iress can no longer withdraw the offer of the termination benefit.

	Notes	2022 \$'000	2021 \$'000
Short-term and other employee benefits		(262,902)	(259,179)
Post-employment benefits		(23,546)	(21,959)
Termination benefits		(611)	(925)
Share-based payment expense	1.5(c)	(18,747)	(17,419)
Employee administration expense		(5,741)	(3,433)
		<b>(311,547)</b>	<b>(302,915)</b>

### Key Management Personnel

Executive and Non-Executive Director Key Management Personnel compensation included in total employee benefits for the year is set out below:

	2022 \$'000	2021 \$'000
Short-term and other employee benefits	(5,343)	(6,121)
Long-term employee benefits	9	(20)
Post-employment benefits	(320)	(359)
Share-based payment expense	(4,201)	(4,105)
	<b>(9,855)</b>	<b>(10,605)</b>

Detailed remuneration disclosures are provided in the Audited Remuneration Report, including a description of the executive remuneration framework.

## 1.5 Share-based payments

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to meet. Therefore, the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

## (a) Details of share plans

To assist in the attraction, retention and motivation of employees, the Group operated the following share-based payment plans up to the end of 2022:

Plan	Key terms	Performance condition/exercise price	Performance/restriction/exercise period	Dividends received before vesting	If participant leaves before end of performance period
Executive Options Plan – CEO – 2022	CEO receives options in return for a 30% reduction in fixed remuneration	Price payable on exercise is \$13 per option	3.4 years followed by 2 year exercise period; and 4.4 years followed by 2 year exercise period	No	Generally retained (pro-rata if CEO leaves before grant 1 vesting)
Executive Equity Rights – From 2019	Eligible participants receive equity rights at no cost	Individual performance criteria	2 years vesting followed by 2 year holding lock	No but dividend equivalent “top-up” on vesting	Generally forfeited (Board discretion may apply)
Executive Transition Equity Rights – In 2019					
Executive PR Plan – CEO – 2022	Eligible participants receive performance rights at no cost	Absolute total shareholder return (ATSR) gateway and 3 additional performance measures	3 years followed by 1 year holding lock; and 4 years followed by 1 year holding lock 4 years followed by 1 year holding lock	No	Generally forfeited (Board discretion may apply)
Executive PR Plan – 2022					
Employee PR Plan – 2022					
Executive PR Plan – former CEO – From 2019 to 2021	Eligible participants receive performance rights at no cost	Absolute total shareholder return (ATSR) against hurdles	3 years	No	Generally forfeited (Board discretion may apply)
Executive PR Plan – From 2019 to 2021					
Executive PR Plan – former CEO – Prior to 2019	Eligible participants receive performance rights at no cost	Total shareholder return (TSR) against peer group	3 years and 4 years	No	Generally forfeited (Board discretion may apply)
Executive PR Plan – Prior to 2019			3 years	No	
Employee Deferred Share Plan – From 2019	Eligible participants receive deferred shares at no cost	Individual performance criteria	3 years (vesting in equal portions annually)	Yes	Generally forfeited (Board discretion may apply)
Employee Deferred Share Rights Plan – From 2019	Eligible participants receive deferred rights at no cost		3 years (vesting in equal portions annually)	Yes	
Employee Deferred Share Rights Plan – Prior to 2019			3 years	No	
Onelress Equity award/ UK Share Incentive Plan	Eligible participants are invited to acquire Iress shares, Iress matches this participation to a set value	Nil	3 years	Yes	Matched shares are forfeited under the UK Share Incentive Plan and released under the General Employee Share Plan and Onelress Equity Plan

As at 31 December 2022, the total unvested shares in the Onelress Equity award were 95,214 shares (2021: 107,205) and 297 unvested share rights (2021: 281).



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2022

## 1.5 Share-based payments (continued)

### (b) Grant date fair value

The grant date fair value of the employee deferred share plans reflects the market price of shares on the grant date given that the awards provide dividends to recipients of grants throughout the vesting period.

The grant date fair value of Executive Plans are independently determined using a Monte Carlo simulation option pricing model. This uses standard option pricing inputs such as the underlying share price, exercise price, expected dividends, expected risk free rates and expected share price volatility.

Key inputs include:

#### Grant date fair value

Key inputs in determining grant date fair value	Executive Performance Rights	Executive Equity Rights	Employee Performance Rights
Model used	Monte Carlo	Monte Carlo	Monte Carlo
Risk free rate	2.99% - 3.39%	1.10% - 3.26%	3.10% - 3.39%
Share price volatility	25.00% - 27.50%	25.00% - 30.00%	25.00%-27.50%
Dividend yield	4.00% - 5.00%	0.00%	4.00% - 5.00%

As the vesting conditions of the Employee Deferred Share Plan grants are not linked to company performance and participants receive dividends during the vesting period, the grant date fair value approximates the share price at the date of grant.

Equity rights	Former CEO	CEO	Executive
Risk free rate	3.04%	3.26%	1.10%
Share price volatility	25.00%	30.00%	25.00%
Dividend yield	0.00%	0.00%	0.00%

Performance rights	Former CEO	CEO	Executive	MSO	Gilligan
Risk free rate	2.99% - 3.10%	3.35% - 3.39%	2.99% - 3.10%	3.39%	3.10%
Share price volatility	25.00%	27.50%	25.00%	27.50%	25.00%
Dividend yield	5.00%	4.00%	5.00%	4.00%	5.00%

(c) Details of shares or rights on issue during the year and the amount expended during the year is shown below:

			Number of shares				At grant date		Expenses	
			At 1 Jan 2022	Granted	Forfeited	Vested	At 31 Dec 2022	Share price \$	Fair value \$	2022 \$'000
Type	Grant date	Vesting date								
Executive Plans – CEO										
2022 Grant – ER	03 Oct 2022	28 Feb 2024	-	13,865	-	-	13,865	10.36	8.25	(48)
2022 Grant – PR	03 Oct 2022	21 Feb 2025	-	370,910	-	-	370,910	10.36	1.96	(209)
2022 Grant – PR	03 Oct 2022	20 Feb 2026	-	370,910	-	-	370,910	10.36	2.03	(163)
2022 Grant – Options	03 Oct 2022	20 Feb 2026	-	666,248	-	-	666,248	10.36	0.61	(27)
2022 Grant – Options	03 Oct 2022	22 Feb 2027	-	591,582	-	-	591,582	10.36	0.73	(24)
				- 2,013,515	-	-	2,013,515			(471)
Executive Plans – Former CEO										
2018 Grant – 3 year	10 May 2018	10 May 2022	45,605	-	(15,049)	(30,556)	-	10.86	5.75	(23)
2018 Grant – 4 year	10 May 2018	10 May 2022	45,605	-	(45,605)	-	-	10.86	5.78	(23)
2019 Grant – DSR pre19	09 May 2019	09 May 2022	42,736	-	-	(42,736)	-	14.22	12.73	(64)
2019 Grant – PR	09 May 2019	28 Feb 2022	80,020	-	(12,963)	(67,057)	-	14.22	8.60	(40)
2020 Grant – ER	08 May 2020	28 Feb 2022	76,374	-	-	(76,374)	-	10.92	11.86	(81)
2020 Grant – PR	08 May 2020	28 Feb 2023	80,916	-	-	-	80,916	10.92	2.61	(75)
2021 Grant – ER	07 May 2021	28 Feb 2023	97,089	-	-	-	97,089	10.01	9.01	(482)
2021 Grant – PR	07 May 2021	28 Feb 2024	102,863	-	-	-	102,863	10.01	3.19	(117)
2022 Grant – ER	09 May 2022	28 Feb 2024	-	79,592	-	-	79,592	10.36	9.54	(272)
2022 Grant – PR	09 May 2022	31 Mar 2025	-	370,910	(370,910)	-	-	10.36	3.00	-
2022 Grant – PR	09 May 2022	31 Mar 2026	-	370,910	(370,910)	-	-	10.36	2.85	-
			571,208	821,412	(815,437)	(216,723)	360,460			(1,177)
Executive Plans – Non-CEO										
2019 Grant – DSR pre19	09 May 2019	09 May 2022	108,637	-	-	(108,637)	-	14.22	12.73	(163)
2019 Grant – PR	28 Feb 2019	28 Feb 2022	194,858	-	(31,560)	(163,298)	-	12.00	5.54	(18)
2020 Grant – ER	28 Feb 2020	28 Feb 2022	181,491	-	-	(181,491)	-	11.86	11.86	(174)
2020 Grant – PR	28 Feb 2020	28 Feb 2023	168,432	-	(10,778)	-	157,654	11.86	3.81	(175)
2021 Grant – ER	26 Feb 2021	28 Feb 2023	262,909	-	-	-	262,909	9.19	8.27	(1,084)
2021 Grant – PR	26 Feb 2021	28 Feb 2024	241,948	-	(30,075)	-	211,873	9.19	2.56	(159)
2022 Grant – ER	28 Feb 2022	28 Feb 2024	-	141,161	-	-	141,161	10.36	9.32	(551)
2022 Grant – PR	28 Feb 2022	31 Mar 2025	-	835,421	-	-	835,421	10.36	3.16	(717)
2022 Grant – PR	28 Feb 2022	31 Mar 2026	-	835,423	-	-	835,423	10.36	2.84	(487)
			1,158,275	1,812,005	(72,413)	(453,426)	2,444,441			(3,528)
Employee PR Plan										
2022 Grant – PR – Gilligan	09 May 2022	31 Mar 2026	-	1,803,443	(63,920)	-	1,739,523	10.36	2.85	(823)
2022 Grant – PR – MSO	03 Oct 2022	31 Mar 2026	-	449,348	-	-	449,348	11.67	2.03	(64)
				- 2,252,791	(63,920)	-	2,188,871			(887)

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2022

## 1.5 Share-based payments (continued)

(c) Details of shares or rights on issue during the year and the amount expensed during the year is shown below (continued):

			Number of shares				At grant date		Expenses	
	Grant date	Vesting date	At 1 Jan 2022	Granted	Forfeited	Vested	At 31 Dec 2022	Share price \$	Fair value \$	2022 \$'000
Type										
Employee Deferred Share Plan										
2019 Grant - EAG - C <sup>(1)</sup>	28 Feb 2019	28 Feb 2022	238,354	-	(3,809)	(234,545)	-	12.00	12.00	(108)
2020 Grant - EAG - B	28 Feb 2020	28 Feb 2022	312,425	-	(3,727)	(308,698)	-	11.86	11.86	(255)
2020 Grant - EAG - C	28 Feb 2020	28 Feb 2023	312,625	-	(37,239)	(3,035)	272,351	11.86	11.86	(821)
2021 Grant - EAG - A	26 Feb 2021	28 Feb 2022	471,838	-	(6,444)	(465,394)	-	9.19	9.19	(638)
2021 Grant - EAG - B	26 Feb 2021	28 Feb 2023	471,330	-	(58,516)	(3,899)	408,915	9.19	9.19	(1,662)
2021 Grant - EAG - C	26 Feb 2021	28 Feb 2024	472,098	-	(60,571)	(2,609)	408,918	9.19	9.19	(1,108)
2022 Grant - EAG - A	28 Feb 2022	28 Feb 2023	-	525,805	(49,462)	(2,451)	473,892	10.36	10.36	(4,146)
2022 Grant - EAG - B	28 Feb 2022	28 Feb 2024	-	525,805	(50,686)	(1,227)	473,892	10.36	10.36	(2,073)
2022 Grant - EAG - C	28 Feb 2022	28 Feb 2025	-	526,876	(51,197)	(820)	474,859	10.36	10.36	(1,384)
			2,278,670	1,578,486	(321,651)	(1,022,678)	2,512,827			(12,195)
Employee Deferred Share Rights Plan										
2019 Grant - EAG - C	28 Feb 2019	28 Feb 2022	10,310	-	-	(10,310)	-	12.00	12.00	(7)
2020 Grant - EAG - B	28 Feb 2020	28 Feb 2022	11,660	-	-	(11,660)	-	11.86	11.86	(11)
2020 Grant - EAG - C	28 Feb 2020	28 Feb 2023	11,693	-	(1,076)	(1,124)	9,493	11.86	11.86	(38)
2021 Grant - EAG - A	26 Feb 2021	28 Feb 2022	18,793	-	(244)	(18,549)	-	9.19	9.19	(26)
2021 Grant - EAG - B	26 Feb 2021	28 Feb 2023	18,793	-	(1,607)	(1,041)	16,145	9.19	9.19	(73)
2021 Grant - EAG - C	26 Feb 2021	28 Feb 2024	18,835	-	(1,957)	(697)	16,181	9.19	9.19	(49)
2022 Grant - EAG - A	28 Feb 2022	28 Feb 2023	-	18,558	(624)	-	17,934	10.36	10.36	(156)
2022 Grant - EAG - B	28 Feb 2022	28 Feb 2024	-	18,558	(624)	-	17,934	10.36	10.36	(77)
2022 Grant - EAG - C	28 Feb 2022	28 Feb 2025	-	18,593	(626)	-	17,967	10.36	10.36	(52)
			90,084	55,709	(6,758)	(43,381)	95,654			(489)
Total			4,098,237	8,533,918	(1,280,179)	(1,736,208)	9,615,768			(18,747)

(1) The weighted average remaining contractual life of the above grants is 1.9 years (2021: 1.4 years).

## 1.6 Other expenses

(a) Included in other operating and other non-operating expenses are the following items:

	Notes	2022 \$'000	2021 \$'000
<b>Other operating income/(expenses)</b>			
Fees to auditors	1.6(b)	(1,868)	(1,582)
Irrecoverable trade debtors written off		(361)	(369)
Credit loss allowances released to the profit and loss		331	494
Marketing expenses <sup>(1)</sup>		(2,647)	(2,208)
Professional and legal fees <sup>(1)</sup>		(3,838)	(4,352)
Office related expenses and business insurance premiums <sup>(1)</sup>		(12,486)	(12,523)
Rental expense relating to short-term or low-value leases		(175)	(158)
Other operating expenses <sup>(1)</sup>		(4,843)	(5,450)
<b>Total other operating income/(expenses), net</b>		<b>(25,887)</b>	<b>(26,148)</b>
<b>Non-operating and significant items of income/(expenses)<sup>(2)</sup></b>			
Realised/unrealised losses on foreign balances		(851)	(138)
Non-operating income		673	889
Business acquisition & divestments, integration and restructuring expenses <sup>(3)</sup>		(5,892)	(9,857)
Recognition of severance pay provision	2.7(b)	(92)	(52)
Defence advisory expenses		-	(4,013)
Transition to cloud based architecture model <sup>(4)</sup>		(10,639)	-
Remeasurement of deferred acquisition consideration <sup>(5)</sup>	2.7(b)	-	22,290
Recognition of onerous contracts		-	(2,108)
Impairment of right-of-use assets	2.3(c)	-	(3,889)
Losses on the write-off of intangible assets <sup>(6)</sup>		(2,265)	-
Losses on the disposal of plant and equipment		(523)	(230)
Other non-operating and non-recurring expenses <sup>(7)</sup>		(5,533)	(2,819)
<b>Total non-operating and significant items of income/(expenses), net</b>		<b>(25,122)</b>	<b>73</b>
<b>Total other expenses, net</b>		<b>(51,009)</b>	<b>(26,075)</b>

(1) Prior year reclassification of marketing, professional, legal and office related expenses previously disclosed as other operating expenses.

(2) Non-operating items of income/(expense) are items not considered part of primary revenue generating activities or ongoing operating cost base of the business. Significant items of expenses are items that could be considered as part of normal ordinary business but due to the nature, the expense is non-recurring or larger than normal and not reflective of the ongoing performance of the business. These items are separated from other expenses to provide additional transparency of the on-going underlying expenses in the longer term.

(3) For 2022, includes costs in relation to abandoned UK mortgage divestment, integration of OneVue technology and operations and restructuring including commercial team restructure.

(4) Predominantly Product & Technology expenses relating to transitioning to cloud based architecture model (significant item).

(5) The prior year remeasurement includes the net release of provisions in relation to QuantHouse deferred acquisition consideration (\$14.2 million) and BC Gateways deferred acquisition consideration (\$8.1 million) after final settlement was agreed for the contractual earnout arrangements.

(6) Includes the write-off of capitalised internally developed computer software as a result of change in prioritisation of technology resources. Refer to Note 2.1.

(7) For 2022, includes costs in relation to one-off VAT payment relating to prior periods (\$1.2m), non-recurring project expenses such as Investment Infrastructure pre-launch costs and decommissioning of legacy applications (\$2.0m), office moves and closures (\$0.6m) and other non-operating items (\$1.7m).

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2022

## 1.6 Other expenses (continued)

(b) Fees to auditors, Deloitte Touche Tohmatsu and other audit firms, for services rendered are as follows:

	2022 \$	2021 \$
<b>Auditors of the parent entity</b>		
Audit or review of the financial report	(711,884)	(553,088)
Other assurance services	(504,527)	(491,575)
Other non-audit services <sup>(1)</sup>	(86,400)	(89,654)
	<b>(1,302,811)</b>	<b>(1,134,317)</b>
<b>Network firms of the parent entity auditor</b>		
Audit or review of the financial report	(387,644)	(355,413)
	<b>(387,644)</b>	<b>(355,413)</b>
<b>Other audit firms</b>		
Audit or review of subsidiary financial statements	(177,469)	(92,355)
	<b>(177,469)</b>	<b>(92,355)</b>
<b>Total fees to auditors</b>	<b>(1,867,924)</b>	<b>(1,582,085)</b>

(1) Other non-audit services comprise tax and consulting services.

## 1.7 Depreciation and amortisation

Depreciation and amortisation is calculated on a straight line basis over the expected useful life of the respective assets.

	Notes	2022 \$'000	2021 \$'000
<b>Depreciation and amortisation expense</b>			
Amortisation – intangible assets	2.1(a)	(16,084)	(19,445)
Depreciation – plant and equipment	2.2(a)	(10,344)	(11,515)
Depreciation – right-of-use assets	2.3(c)	(14,227)	(16,018)
<b>Total depreciation and amortisation expense</b>		<b>(40,655)</b>	<b>(46,978)</b>

## 1.8 Notes to the Consolidated Statement of Cash Flows

(a) Cash and cash equivalents comprise cash at bank held in the following currencies, translated to Australian dollars:

	2022 \$'000	2021 \$'000
Australian Dollar	35,987	35,536
Euro	1,434	1,260
British Pound	9,628	10,783
United States Dollar	3,150	1,898
South African Rand	6,528	10,974
Other currencies	6,626	3,942
<b>Total cash and cash equivalents</b>	<b>63,353</b>	<b>64,393</b>

(b) Reconciliation of profit attributable to members of the parent entity to cash generated from operating activities:

	Notes	2022 \$'000	2021 \$'000
Profit for the financial year		52,672	73,798
<b>Adjustment for non-cash and non-operating cash flow items</b>			
Depreciation and amortisation	1.7	40,655	46,978
Net credit loss allowances reversed on trade receivables	2.5(c)	(331)	(494)
Net provision (reversed)/recognised on employee benefits	2.7(b)	(1,300)	136
Net provision reversed on deferred contingent payments	2.7(b)	-	(22,290)
Net provision (reversed)/recognised on the onerous contracts	2.7(b)	(504)	2,108
Net provision recognised on other provisions	2.7(b)	92	52
Share-based payment expense	1.5(c)	18,747	17,419
Foreign exchanges losses		851	138
Losses on write-off of intangible assets		2,265	-
Losses on disposal of plant and equipment		523	230
Gains on derecognition of right-of-use-assets and lease liabilities	2.3(e)	(72)	(137)
Gains on the fair value recognition of the right-of-use-assets and lease liabilities	2.3(e)	-	(1)
Impairment on right-of-use assets	2.3(e)	-	3,889
Interest income		(1,007)	(193)
Interest expense		13,698	9,235
Income tax expense		15,248	19,068
<b>Change in working capital, net of effects from acquisition of controlled entities</b>			
Increase in receivables and other assets		(10,236)	(5,090)
Increase/(decrease) in payables and other liabilities		7,989	(9,039)
<b>Net cash inflow generated from operating activities</b>		<b>139,290</b>	<b>135,807</b>



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2022

## Section 2. Core assets and working capital

### 2.1 Intangible assets

Intangible assets for the Group comprise goodwill arising from business combinations, customer relationships, computer software and other intangibles (mainly acquired databases and brands). Intangible assets with finite lives are carried at cost, less accumulated amortisation, and accumulated impairment losses.

Goodwill recognised arose from business combinations where the fair value of the consideration paid exceeded the fair value of the assets acquired. Goodwill is considered to have an indefinite life and is not amortised as it represents the synergistic benefits of bringing the businesses together.

Customer relationships, a proportion of computer software and other intangibles were acquired as part of business combinations. These intangible assets are initially recognised at their fair value at the acquisition date. The remainder of computer software was either separately acquired or developed internally, and recognised at cost. Subsequent to initial recognition, intangible assets other than goodwill and work-in-progress are amortised over the expected useful lives noted below.

Internally generated intangible assets are recognised where the cost of actual development can be reliably measured and clearly distinguished from research and ongoing operating and maintenance activities. These costs that are directly associated with the development of software are recognised where the following criteria are met:

- It is technically feasible to complete the software product so that it is available for use
- Management intends to complete the software product and use or licence it to customers, and there is adequate technical, financial, and other resources to complete the development
- There is an ability to use or licence the software product and it can be demonstrated how the product will generate future economic benefits
- The expenditure attributable to the software product during its development can be reliably measured.

The costs remain in work-in-progress during the development phase and transferred to computer software when products are considered ready for their intended use. A significant percentage of software development within the Group occurs contemporaneously with the research phase and ongoing operating and maintenance activities in supporting core customer systems. As a result, the separation of the cost of development can be imprecise and difficult to reliably measure. Accordingly, where the expenditure related to the development activity cannot be reliably measured, the Group expends the amounts in the period they are incurred.

During the year, \$19.9 million (2021: \$13.5 million) of internally generated computer software assets have been recognised.

(a) The carrying value of intangible assets is shown below:

	Goodwill \$'000	Customer relationships \$'000	Computer software <sup>(1)</sup> \$'000	Other intangibles \$'000	Work-in- progress <sup>(1)</sup> \$'000	Total \$'000
<b>As at 31 December 2021</b>						
Cost	622,481	52,158	122,361	1,840	15,344	<b>814,184</b>
Accumulated amortisation	-	(23,555)	(47,897)	(117)	-	<b>(71,569)</b>
<b>Net carrying value</b>	<b>622,481</b>	<b>28,603</b>	<b>74,464</b>	<b>1,723</b>	<b>15,344</b>	<b>742,615</b>
<b>Movement for the year</b>						
Balance at 1 January 2021	604,498	33,428	87,689	2,243	2,374	<b>730,232</b>
Reclassified between asset classes <sup>(2)</sup>	-	-	518	-	(518)	-
Internally generated development costs	-	-	-	-	13,476	<b>13,476</b>
Amortisation	-	(5,176)	(13,737)	(532)	-	<b>(19,445)</b>
Foreign currency translation	17,983	351	(6)	12	12	<b>18,352</b>
<b>Balance at 31 December 2021</b>	<b>622,481</b>	<b>28,603</b>	<b>74,464</b>	<b>1,723</b>	<b>15,344</b>	<b>742,615</b>
<i>Expected useful life (years)</i>	<i>indefinite</i>	<i>5 to 15</i>	<i>2 to 20</i>	<i>3 to 10</i>	<i>nil</i>	

	Goodwill \$'000	Customer relationships \$'000	Computer software <sup>(1)</sup> \$'000	Other intangibles \$'000	Work-in- progress <sup>(1)</sup> \$'000	Total \$'000
<b>As at 31 December 2022</b>						
Cost	603,738	51,129	125,075	4,802	25,836	<b>810,580</b>
Accumulated amortisation	-	(27,673)	(57,295)	(614)	-	<b>(85,582)</b>
<b>Net carrying value</b>	<b>603,738</b>	<b>23,456</b>	<b>67,780</b>	<b>4,188</b>	<b>25,836</b>	<b>724,998</b>
<b>Movement for the year</b>						
Balance at 1 January 2022	622,481	28,603	74,464	1,723	15,344	<b>742,615</b>
Reclassified between asset classes <sup>(2)</sup>	-	-	5,142	2,615	(7,757)	<b>-</b>
Separately acquired	-	-	3	-	-	<b>3</b>
Internally generated development costs	-	-	-	-	19,900	<b>19,900</b>
Write-off <sup>(3)</sup>	-	-	(645)	-	(1,620)	<b>(2,265)</b>
Amortisation	-	(4,877)	(11,058)	(149)	-	<b>(16,084)</b>
Foreign currency translation	(18,743)	(270)	(126)	(1)	(31)	<b>(19,171)</b>
<b>Balance at 31 December 2022</b>	<b>603,738</b>	<b>23,456</b>	<b>67,780</b>	<b>4,188</b>	<b>25,836</b>	<b>724,998</b>
<i>Expected useful life (years)</i>	<i>indefinite</i>	<i>5 to 15</i>	<i>2 to 20</i>	<i>2 to 20</i>	<i>nil</i>	

(1) Separately disclosing work-in-progress from computer software and restating prior year for comparative purposes.

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

(3) Capitalised internally developed computer software written off as a result of change in prioritisation of technology resources.

#### (b) Review of expected useful life for finite life intangible assets

Intangible assets with finite life are reviewed for expected useful life annually, or whenever events or changes in circumstances indicate that the expected useful life needs to be adjusted.

Due to changes in prioritisation of technology resources, it was agreed to pause development of a further functionality to a UK Trading product. This also impacted commercial viability of the UK Trading product, which had already been developed. This resulted in \$2.3 million of intangible assets being written-off.

#### (c) Impairment testing for goodwill

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

For each CGU tested, the recoverable amount has been calculated based on the value-in-use, using a discounted cash flow (DCF) approach. The DCF uses post-tax cash flow projections based on the most recent five-year financial plan updated for current performance and is discounted at an appropriate after-tax discount rate, taking into account the Group's weighted average cost of capital adjusted for any risks specific to the CGU.

Terminal growth rates applied in the DCF are based on estimates of long term inflation and nominal GDP growth in the country in which the CGU primarily operates.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2022

## 2.1 Intangible assets (continued)

### (c) Impairment testing for goodwill (continued)

The allocation of goodwill to each cash-generating unit and assumptions applied in calculating the recoverable amounts of the goodwill in testing for impairment include:

	Allocated Goodwill		Post-Tax Discount Rates		Long Term Growth Rates	
	2022 \$'000	2021 \$'000	2022 <sup>(1)</sup> %	2021 %	2022 %	2021 %
<b>Cash generating unit</b>						
APAC Financial Market	42,727	42,482	9.2	9.5	3.0	2.7
ANZ Wealth Management	130,864	130,869	9.2	9.5	3.0	2.7
International Market Data	5,293	5,249	8.4	8.7	2.5	2.0
UK	318,106	333,315	9.5	9.0	3.0	2.7
UK Mortgages	78,171	82,036	9.0	9.0	3.0	2.7
South Africa	13,534	13,539	18.1	19.5	5.0	4.5
Canada	15,043	14,991	9.8	10.4	2.5	2.0
<b>Total goodwill</b>	<b>603,738</b>	<b>622,481</b>				

(1) There was a change to the methodology of calculating unlevered beta for the purposes of the discount rate.

Based on the impairment testing performed, no impairment of goodwill was recognised during the year ended 31 December 2022 (2021: Nil).

### Significant estimates made

The cash flow projections used in the impairment test are made with consideration to other available information and estimations including actual performance to date, assumptions around future performance and expected revenue and cost growth.

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

### Reasonably possible change sensitivity

The UK CGU impairment test is most sensitive to assumptions in the future revenue growth rate and increasing margins.

The value-in-use model assumes that the rate of revenue growth will increase from that achieved in 2022 over the forecast period. If the higher revenue growth rate is not achieved, it is expected that forecast expenses will be reduced. However, if revenue forecasts are not achieved and expenses continue at forecast levels, the resulting reduction in margins would reduce the recoverable amount in relation to the goodwill allocated to the UK CGU.

Specifically for the UK CGU, the value-in-use model results in a headroom of \$61 million. The following impacts may arise from reasonably possible changes in critical assumptions:

- The value-in-use model assumes that between 2023 and 2027, the business achieves a revenue compound annual growth rate (CAGR) of at least 6.3%. In the event revenue growth in the period reduces below 5.3% CAGR and costs are unchanged, an impairment of the goodwill allocated to the UK CGU may be required.
- The value-in-use model assumes a post-tax discount rate of 9.5%. In the event that the post-tax discount rate increases above 10.7%, an impairment of the goodwill allocated to the UK CGU may be required.

## 2.2 Plant and equipment

Plant and equipment are carried at cost, less accumulated depreciation, and any impairment losses.

The estimated useful lives, residual values, and depreciation method are reviewed at the end of each annual reporting period.

The depreciation charge for each period is recognised in profit or loss.

(a) The carrying value of plant and equipment is shown below:

	Leasehold improvement \$'000	Furniture & fittings \$'000	Office equipment \$'000	Computer equipment \$'000	Work-in- progress \$'000	Total \$'000
<b>As at 31 December 2021</b>						
Cost	18,002	14,963	1,851	48,317	-	<b>83,133</b>
Accumulated depreciation	(6,475)	(8,009)	(1,233)	(35,348)	-	<b>(51,065)</b>
<b>Net carrying value</b>	<b>11,527</b>	<b>6,954</b>	<b>618</b>	<b>12,969</b>	<b>-</b>	<b>32,068</b>
<b>Movement for the year</b>						
Balance at 1 January 2021	11,238	8,450	891	12,154	7	<b>32,740</b>
Reclassified between asset categories <sup>(1)</sup>	2,125	663	25	-	(2,813)	<b>-</b>
Separately acquired	370	137	123	7,223	2,801	<b>10,654</b>
Disposal	(78)	(91)	(40)	(27)	-	<b>(236)</b>
Depreciation	(2,334)	(2,323)	(386)	(6,472)	-	<b>(11,515)</b>
Foreign currency translation	206	118	5	91	5	<b>425</b>
<b>Balance at 31 December 2021</b>	<b>11,527</b>	<b>6,954</b>	<b>618</b>	<b>12,969</b>	<b>-</b>	<b>32,068</b>
<i>Expected useful life (years)</i>	<i>3 to 10</i>	<i>3 to 10</i>	<i>3 to 5</i>	<i>3 to 5</i>	<i>Nil</i>	

	Leasehold improvement \$'000	Furniture & fittings \$'000	Office equipment \$'000	Computer equipment \$'000	Work-in- progress \$'000	Total \$'000
<b>As at 31 December 2022</b>						
Cost	17,870	14,761	1,875	54,353	-	<b>88,859</b>
Accumulated depreciation	(8,413)	(9,438)	(1,412)	(41,077)	-	<b>(60,340)</b>
<b>Net carrying value</b>	<b>9,457</b>	<b>5,323</b>	<b>463</b>	<b>13,276</b>	<b>-</b>	<b>28,519</b>
<b>Movement for the year</b>						
Balance at 1 January 2022	11,527	6,954	618	12,969	-	<b>32,068</b>
Separately acquired	948	204	36	6,518	-	<b>7,706</b>
Disposal	(438)	(126)	(12)	-	-	<b>(576)</b>
Depreciation	(2,377)	(1,612)	(180)	(6,175)	-	<b>(10,344)</b>
Foreign currency translation	(203)	(97)	1	(36)	-	<b>(335)</b>
<b>Balance at 31 December 2022</b>	<b>9,457</b>	<b>5,323</b>	<b>463</b>	<b>13,276</b>	<b>-</b>	<b>28,519</b>
<i>Expected useful life (years)</i>	<i>3 to 10</i>	<i>3 to 10</i>	<i>3 to 5</i>	<i>3 to 8</i>	<i>Nil</i>	

(1) Work-in-progress are transferred to plant and equipment asset classes as brought into use.

### (b) Plant and equipment pledged as security

The Group does not have any plant and equipment pledged to secure borrowings of the Group.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2022

## 2.3 Leases

(a) Summary of leasing amounts recognised in the Statement of Profit or Loss and Statement of Cash Flows:

(i) The table below discloses the principle amounts recognised in the Statement of Profit or Loss as well as contractual lease payments:

	Notes	2022 \$'000	2021 \$'000
Contractual rental payments	2.3(a)(ii)	(17,592)	(16,898)
Depreciation expense on right-of-use assets	2.3(c)	(14,227)	(16,018)
Impairment of right-of-use assets	2.3(c)	-	(3,889)
Interest expense on lease liabilities	2.3(e)	(2,323)	(2,688)

(ii) The table below discloses the total cash flow relating to leases recognised in the Statement of Cash Flows:

	2022 \$'000	2021 \$'000
Settlement of lease liabilities	(15,283)	(14,437)
Interest expense on lease liabilities	(2,309)	(2,461)
<b>Total cash outflows for leases</b>	<b>(17,592)</b>	<b>(16,898)</b>

### (b) Iress Group lease portfolio

The Group leases real estate in the ordinary course of its business. The Group's real estate leases comprise office building leases in the countries the Group operates in. Data servers were previously leased in South Africa until May 2021.

The Group's regional lease portfolio:

Region	Lease characteristic features
<b>Australia</b>	<p>The Group leases office buildings in a number of Australian cities, with the most significant being the head office in Melbourne and an office in Sydney.</p> <p>The non-cancellable period of the leases range from two to twelve years with variable options to extend the lease terms. The lease payments are adjusted every year, based on contractual fixed percentage increases, and in certain instances, additionally increased by the prevailing consumer price index (CPI) at the lease review date.</p> <p>The Group is required to make good (rehabilitate) the installed interconnecting stairs as part of its fit-out to connect floors at its head office in Melbourne.</p>
<b>South Africa</b>	<p>The Group leases office buildings in South Africa. The non-cancellable period of these leases range from two to seven years with options to extend the lease terms up to five years. The lease payments are adjusted every year by a fixed percentage increase at the lease review date.</p>
<b>United Kingdom</b>	<p>The Group leases office buildings in the UK. The non-cancellable period of these leases range from five to ten years. The lease payments are fixed with no increases over the lease terms.</p>
<b>Other</b>	<p>The Group leases other office buildings in other countries. The non-cancellable period of these leases range from three to ten years. The lease payments are fixed with no increases over the lease terms.</p>

## **(i) Group as a lessee**

### **Right-of-use asset**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset—or to restore the underlying asset or the site on which it is located—less any lease incentives received.

The right-of-use asset is separately disclosed in the Consolidated Statement of Financial Position.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to either the earlier of the end of the useful life of the right-of-use asset, or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

### **Lease liability**

The lease liability is initially measured at the present value of the lease payments not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group's average incremental borrowing rate used is 4.23.% (2021: 3.07%).

Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments less any lease incentives receivable
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option
- payment of penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is separately disclosed in the Consolidated Statement of Financial Position. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the expected payable amount under a residual value guarantee, or, if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option.

When the lease liability is remeasured in this way, either a corresponding adjustment is made to the carrying amount of the right-of-use asset, or, it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### **Short-term leases and leases of low-value assets**

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of office and information technology equipment with a lease term of 12 months or less, or for leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis, over the lease term.

## **(ii) Group as a lessor**

When the Group acts as a lessor—generally when it subleases property on which it has entered a head lease as a lessee—it determines at the sublease inception whether each sublease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease. If not, then it is accounted for as an operating lease. As part of this assessment, the Group considers certain indicators, such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately.

The Group assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

If an arrangement contains a lease and non-lease component, the Group applies AASB 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of non-operating income.



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2022

## 2.3. Leases (continued)

### (c) Carrying value of right-of-use assets

The Group's right-of-use assets comprise real estate and data server leases. Right-of-use assets have finite lives and are carried at cost less accumulated depreciation.

The carrying value of right-of-use assets is presented below:

	Office buildings		Data servers		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cost	119,233	125,586	-	-	119,233	125,586
Accumulated depreciation	(58,595)	(47,849)	-	-	(58,595)	(47,849)
<b>Net carrying value</b>	<b>60,638</b>	<b>77,737</b>	<b>-</b>	<b>-</b>	<b>60,638</b>	<b>77,737</b>
<b>Movement for the year</b>						
<b>Balance at beginning of the year</b>	77,737	75,297	-	10	77,737	75,307
New leases entered into contract	834	21,806	-	-	834	21,806
Impairment of right-of use assets	-	(3,889)	-	-	-	(3,889)
Disposal of right-of use assets for early termination	(2,744)	(751)	-	-	(2,744)	(751)
Fair value adjustments for modified leases	366	(257)	-	-	366	(257)
Depreciation	(14,227)	(16,008)	-	(10)	(14,227)	(16,018)
Foreign currency translation	(1,328)	1,539	-	-	(1,328)	1,539
<b>Balance at end of the year</b>	<b>60,638</b>	<b>77,737</b>	<b>-</b>	<b>-</b>	<b>60,638</b>	<b>77,737</b>
Expected useful life (years)	1 to 12	1 to 12	5	5		

In 2022, the Group did not recognise any impairment loss (2021: \$3.9 million). Prior year impairments relate to property lease right-of-use assets in Australia and the UK following decisions to transfer the teams working in these locations to other existing leased office space. The impairment loss recognised represents the difference between the previous carrying value of the assets (derived from the net present value of the existing contractual lease rental cash flows) and the net present value of the expected cash flows resulting from subletting or assigning the lease.

### (d) Lease liabilities

#### (i) Lease liabilities included in the Statement of Financial Position at the end of the period:

	2022 \$'000	2021 \$'000
Current	(15,447)	(15,384)
Non-current	(58,880)	(77,470)
<b>Total</b>	<b>(74,327)</b>	<b>(92,854)</b>

The Group's liquidity risk with regard to its lease liabilities is managed by the inclusion of lease liability cash flows in the cash flow forecasts regularly monitored by the Group in line with the Group's treasury policy.

**(ii) Reconciliation of the movement of the lease liabilities:**

	2022 \$'000	2021 \$'000
<b>Balance at beginning of the year</b>	(92,854)	(84,508)
Lease liabilities raised from the negotiation of new lease contracts	(834)	(22,074)
Lease liabilities reversed from early termination of lease contracts	2,816	888
Lease liabilities (raised)/reversed from changes in subsequent lease payments	(366)	258
Lease liabilities raised due to the timing of interest payment	(14)	(227)
Settlement of lease liabilities	15,283	14,437
Foreign currency translation	1,642	(1,628)
<b>Balance at end of the year</b>	<b>(74,327)</b>	<b>(92,854)</b>

**(iii) Maturity analysis - contractual undiscounted cash flows:**

	2022 \$'000	2021 \$'000
Less than one year	17,687	17,126
More than one year and not more than five years	52,872	62,759
More than five years	9,722	19,384
<b>Total undiscounted lease liabilities at the end of the period</b>	<b>80,281</b>	<b>99,269</b>

**(e) Amounts recognised in the Statement of Profit or Loss and Other Comprehensive Income**

The table below shows the amounts recognised in the Statement of Profit or Loss:

	Notes	2022 \$'000	2021 \$'000
Depreciation expense on right-of-use assets	1.7	(14,227)	(16,018)
Interest expense on lease liabilities	3.1(d)	(2,323)	(2,688)
Expenses relating to short term or low value assets leases	1.6(a)	(175)	(158)
Gain on the fair value recognition of the right-of-use-assets and lease liabilities as a result of incremental lease payments		-	1
Impairment of right-of-use assets	2.3(c)	-	(3,889)
Gain on the de-recognition of right-of-use assets and lease liabilities		72	137
Income from the sub-leasing of right-of-use assets		213	-

**(f) Operating lease arrangements**

Operating leases, in which the Group is the lessor, related to sub-leased office buildings.

During the year, the Canadian office entered into a sublease arrangements for which the Group is the lessee under a head lease arrangement

The cash outflows relating to the head leases on these buildings are included in the amounts disclosed in Note 2.3(e) above.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2022

## 2.4 Derivative financial instruments

### (a) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

### (b) Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again. The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

### (c) Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

#### (d) Forward exchange contracts

The Group pays certain suppliers in US Dollars (USD). In order to protect against exchange rate movements, the Group entered into forward exchange contracts to purchase USD over the next 12 months. Outstanding contracts are hedging highly probable forecasted supplier payments where the contract notional value is forecast to total less than the expected payments for the same period.

Forward currency contracts mature when expected payments are scheduled to be made. These derivatives have met the requirements to qualify for hedge accounting with movements recorded in other comprehensive income accordingly.

#### (i) The Group foreign currency contracts comprises of:

	2022 \$'000	2021 \$'000
- Carrying amount	(150)	-
- Notional amount	14,606	-

As at 31 December 2022, the notional value of the forward exchange contract was AUD14.6 million/USD9.9 million (2021: Nil).

The forward exchange contracts mature each month in equal amounts between January and November 2023. The average forward exchange rate is AUD1 = 0.6774.

#### (ii) The Group's foreign exchange contracts credit risk on highly probable forecasted USD purchases from suppliers:

	<1 month	1-3 months	3-6 months	6-9 months	9-12 months	>12 months	Total
<b>Balance at 31 December 2022</b>							
- Carrying amount (\$'000)	(13)	(26)	(41)	(42)	(28)	-	(150)
- Average forward rate (USD/AUD)	0.6745	0.6757	0.6774	0.6792	0.6803	-	

#### (iii) The movement of the foreign exchange contracts gains and (losses):

	2022 \$'000	2021 \$'000
Hedging recognised in Other Comprehensive Income (OCI)	(150)	-

As at 31 December 2022, the aggregate amount of losses under foreign exchange forward contracts deferred in the cash flow hedge reserve relating to these anticipated future purchase transactions is AUD0.2 million (2021: Nil).

It is anticipated that the purchases will take place evenly throughout the next financial year at which time the amount deferred in equity will be removed from equity and included in the communication expenses.

## 2.5 Receivables and other assets

Trade receivables arise from revenue billed, but not yet settled by the customer.

Revenue arises from providing access to Iress software, rendering of services, or recharging for access to capital markets data. Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised over time as the relevant performance obligations identified in a customer contract are satisfied.

Refer to Note 1.3 for further details of revenue recognition.

Where revenue recognised exceeds billings, it results in a contract asset (refer to Note 2.5(a)), and where cash amounts are received in advance of revenue recognition, it results in a contract liability (refer to Note 1.3(b)).

Iress' credit terms are generally 30 days from the date of invoice. Therefore, the carrying amount of receivables approximates their fair value.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2022

## 2.5 Receivables and other assets (continued)

(a) Receivables and other assets as at the end of the year includes:

	Notes	2022 \$'000	2021 \$'000
Trade receivables	2.5(b)	34,800	33,551
Credit loss allowance	2.5(b)	(923)	(1,248)
<b>Total receivables net of credit loss allowances</b>		<b>33,877</b>	<b>32,303</b>
Contract assets	1.3(b)	12,304	13,687
Prepayments		30,059	24,750
Deposits		1,527	824
Financial assets at fair value through profit or loss		456	480
GST/VAT receivables		1,603	1,163
Other assets		3,835	1,194
<b>Total receivables and other assets</b>		<b>83,661</b>	<b>74,401</b>

Included within other assets are financial assets categorised at fair value through profit or loss. Iress has assessed its investments held at fair value through profit and loss and these investments are held for trading, where they are acquired for the purpose of selling in the short term with an intention of making a profit.

These investments primarily comprise holdings in ASX listed equities that are held for operational purposes. Regular purchase and sales of investments are recognised on trade date, the date on which Iress commits to purchase or sell the asset. Investments are initially recognised at fair value with any transaction costs expensed through the statement of profit and loss and other comprehensive income. Subsequent movements in fair value of financial assets are recognised in the statement of profit and loss and other comprehensive income. These instruments—categorised as Level 1 in the Fair Value Hierarchy—are valued using the quoted price in active markets.

### (b) Credit Loss Allowance

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Expected credit losses are measured by grouping trade receivables and contract assets, based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts.

A provision matrix is then determined based on the historic credit loss rate for each group of customers, adjusted for any material expected changes to the future credit risk for that customer group.

The credit loss allowance is determined as follows:

#### Provision matrix

As at 31 December 2021

	APAC	UK & Europe	South Africa	North America
1 to 30 days	0.1%	0.6%	0.3%	0.4%
31 to 60 days	0.1%	1.1%	0.6%	0.7%
61 to 90 days	0.1%	1.8%	5.1%	1.0%
Over 90 days	0.1%	1.9%	5.4%	1.0%
Contract assets	0.0%	0.2%	0.2%	0.1%

Ageing of receivables As at 31 December 2021	APAC \$'000	UK & Europe \$'000	South Africa \$'000	North America \$'000	Group \$'000
1 to 30 days	16,134	11,963	1,318	823	<b>30,238</b>
31 to 60 days	948	581	417	9	<b>1,955</b>
61 to 90 days	496	33	-	-	<b>529</b>
Over 90 days	574	212	38	5	<b>829</b>
<b>Total trade receivables</b>	<b>18,152</b>	<b>12,789</b>	<b>1,773</b>	<b>837</b>	<b>33,551</b>
Contract assets	7,478	5,805	404	-	<b>13,687</b>
Allowance based on historic credit losses	12	99	9	3	<b>123</b>
Adjustment for expected changes in credit risk <sup>(1)</sup>	872	203	21	29	<b>1,125</b>
<b>Credit loss allowance</b>	<b>884</b>	<b>302</b>	<b>30</b>	<b>32</b>	<b>1,248</b>

(1) Adjustment to reflect the higher credit risk and probability of default relating to customers that have amounts owing including invoices that are over 90 days past due.

The credit loss allowance as at 31 December 2022 is determined as follows:

Provision matrix As at 31 December 2022	APAC	UK & Europe	South Africa	North America
1 to 30 days	0.1%	0.9%	0.4%	0.2%
31 to 60 days	0.2%	2.0%	2.7%	0.3%
61 to 90 days	0.6%	10.0%	7.9%	0.4%
Over 90 days	0.6%	11.1%	8.6%	0.4%
Contract assets	0.0%	0.2%	0.1%	0.1%

Ageing of receivables As at 31 December 2022	APAC \$'000	UK & Europe \$'000	South Africa \$'000	North America \$'000	Group \$'000
1 to 30 days	18,169	10,023	1,930	701	<b>30,823</b>
31 to 60 days	1,919	272	151	35	<b>2,377</b>
61 to 90 days	427	61	-	-	<b>488</b>
Over 90 days	352	732	19	9	<b>1,112</b>
<b>Total trade receivables</b>	<b>20,867</b>	<b>11,088</b>	<b>2,100</b>	<b>745</b>	<b>34,800</b>
Contract assets	6,240	5,714	350	-	<b>12,304</b>
Allowance based on historic credit losses	25	212	13	1	<b>251</b>
Adjustment for expected changes in credit risk <sup>(1)</sup>	291	314	11	56	<b>672</b>
<b>Credit loss allowance</b>	<b>316</b>	<b>526</b>	<b>24</b>	<b>57</b>	<b>923</b>

(1) Adjustment to reflect the higher credit risk and probability of default relating to customers that have amounts owing including invoices that are over 90 days past due.

#### Significant estimate made

The adjustment for material expected changes to credit risk for each client group requires judgement about future events and, therefore, a significant increase in actual credit losses from that expected would lead to a significant impact on financial performance.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2022

## 2.5 Receivables and other assets (continued)

### (c) Movement in credit loss allowance

The movement in the credit loss allowance during the year includes:

	Notes	2022 \$'000	2021 \$'000
<b>Balance at the beginning of the year</b>		(1,248)	(1,720)
Credit loss allowances (recognised)/released during the year		(30)	125
Credit loss allowance utilised during the year against irrecoverable trade debtors		361	369
Foreign currency translation		(6)	(22)
<b>Balance at the end of the year</b>	2.5(a)	<b>(923)</b>	<b>(1,248)</b>

## 2.6 Payables and other liabilities

Payables and other liabilities are initially measured at fair value. Subsequent to initial measurement, these are recognised at amortised cost.

Liabilities are classified as current where Iress does not have an unconditional right to defer settlement beyond 12 months.

Employee related liabilities primarily comprise the annual leave liability and other employee related entitlements. The annual leave liability is measured as current leave accrued multiplied by current salary plus statutory charges.

Contract liabilities represent amounts received from customers for which revenue has not been earned or recognised.

Finance arrangements relate to the acquisition of software licences.

Due to the short-term nature of current liabilities, the carrying amount approximates their fair value.

	Notes	2022 \$'000	2021 \$'000
<b>Current</b>			
Trade payables		(15,814)	(7,951)
General accruals <sup>(1)</sup>		(7,458)	(7,977)
Goods and services received but not invoiced accruals <sup>(1)</sup>		(8,032)	(7,683)
Royalties accruals <sup>(1)</sup>		(4,341)	(5,825)
Facilities related accruals <sup>(1)</sup>		(996)	-
Audit fee accruals		(687)	(539)
Taxation accruals		(205)	(457)
Contract liabilities	1.3(b)	(17,201)	(16,504)
GST/VAT payable		(4,921)	(5,741)
Employee related liabilities		(20,064)	(21,796)
Dividend payable		(127)	(164)
Accrued interest		(1,196)	(581)
Other liabilities		(749)	(2,290)
<b>Total current payables and other liabilities</b>		<b>(81,791)</b>	<b>(77,508)</b>

(1) Prior year reclassifications of accruals related to goods and services received but not invoiced, royalties and facilities previously disclosed as general accruals.

The Group's exposure to foreign currency risk arising from translating payables, and other liabilities to the Group's functional currency, is considered insignificant. The exposure is monitored on a net working capital basis, refer to Note 3.3.

Liquidity risk arises from current payables, and other liabilities, payable in less than one year. The Group manages this liquidity risk by maintaining sufficient cash and current assets to meet the contractual obligations as they arise.

## 2.7 Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Employee benefits mainly comprise employee long service leave entitlements in Australia. The amount reflected as a current provision reflects the amount relating to employees who have reached the statutory length of service required to either take the leave or for it to be paid out on departure from the Group. Previously, the Group reflected only the amount expected to be taken in the following twelve months as current.



Deferred consideration represents purchase consideration payable for acquisitions once certain conditions are met as stipulated in the contracts. These are measured at the discounted value of the best estimate of the cash payable based on conditions existing at the balance date.

The measurement of deferred consideration at fair value at each reporting date requires estimates to be made about expected revenue and expenses over the measurement period to which the deferred consideration relates.

Current provisions reduced by \$5.7 million, primarily due to the final settlement of \$4.4 million of deferred contingent consideration relating to the 2020 BC Gateways acquisition.

Onerous contracts represent the expected losses on non-cancellable property lease commitments no longer utilised by the Group. The amount provided for represents the present value of the future expected expenses to be incurred in relation to the leased premises over the remaining lease term.

(a) Provisions as at the end of the year include:

	2022 \$'000	2021 \$'000
<b>Current provisions</b>		
Employee benefits	(7,905)	(8,715)
Deferred consideration	-	(4,400)
Onerous contracts	(1,568)	(2,171)
Other provisions	(155)	(60)
<b>Total current provisions</b>	<b>(9,628)</b>	<b>(15,346)</b>
<b>Non-current provisions</b>		
Employee benefits	(2,463)	(2,950)
<b>Total non-current provisions</b>	<b>(2,463)</b>	<b>(2,950)</b>
<b>Total provisions</b>	<b>(12,091)</b>	<b>(18,296)</b>

(b) The carrying value of provisions are reconciled as follows:

	Employee benefits \$'000	Deferred consideration \$'000	Onerous loss provision \$'000	Other provisions \$'000	Total \$'000
<b>As at 31 December 2021</b>					
Balance at 1 January 2021	(11,536)	(37,821)	(64)	(10)	(49,431)
Provision raised during the year	(136)	-	(2,108)	(52)	(2,296)
Provision reversed during the year	-	22,290	-	-	22,290
Provision utilised during the year	-	10,432	-	-	10,432
Foreign currency translation	7	699	1	2	709
<b>Balance at 31 December 2021</b>	<b>(11,665)</b>	<b>(4,400)</b>	<b>(2,171)</b>	<b>(60)</b>	<b>(18,296)</b>

	Employee benefits \$'000	Deferred consideration \$'000	Onerous loss provision \$'000	Other provisions \$'000	Total \$'000
<b>As at 31 December 2022</b>					
Balance at 1 January 2022	(11,665)	(4,400)	(2,171)	(60)	(18,296)
Provision raised during the year	-	-	-	(92)	(92)
Provision reversed during the year	1,300	-	504	-	1,804
Provision utilised during the year	-	4,400	-	-	4,400
Foreign currency translation	(3)	-	99	(3)	93
<b>Balance at 31 December 2022</b>	<b>(10,368)</b>	<b>-</b>	<b>(1,568)</b>	<b>(155)</b>	<b>(12,091)</b>

## 2.8 Commitments and contingencies

### (a) Capital commitments

As at 31 December 2022, no capital expenditure has been contracted or provided for (2021: Nil).

### (b) Contingencies

As at 31 December 2022, no material contingent liabilities have been contracted or provided for (2021: Nil).

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2022

## Section 3. Debt facilities, derivatives and equity

### 3.1 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any gains or losses are recognised in the Statement of Profit or Loss in the event the borrowings are derecognised.

On 17 May 2022, Iress entered into note purchase agreements with two affiliates of a United States domiciled institutional investor. The notes issued provided GBP60.5 million of funding at a fixed rate coupon and with a seven-year maturity to 17 May 2029. The covenant requirements are the same as the existing bank facility. The proceeds were used to repay existing GBP floating rate bank debt.

Following the issuance of the notes, the amount of the unsecured floating rate bank facility was reduced by \$50 million to \$350 million. The covenant requirements remain unchanged.

(a) Details of borrowings held by the Group include:

	Borrowings at fair value <sup>(1)</sup>		Borrowings at carrying value	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Non-current</b>				
<b>\$350 million bank facilities to October 2025</b>				
AUD	171,000	75,000	171,000	75,000
GBP	58,520	174,005	58,520	174,005
EUR	52,689	49,138	52,689	49,138
<b>GBP60.5 million fixed rate notes to May 2029</b>				
GBP	97,661	-	107,288	-
<b>Total amount drawn</b>	<b>379,870</b>	<b>298,143</b>	<b>389,497</b>	<b>298,143</b>
Borrowing costs capitalised	(1,073)	(1,613)	(1,073)	(1,613)
<b>Total borrowings</b>	<b>378,797</b>	<b>296,530</b>	<b>388,424</b>	<b>296,530</b>

(1) The fair value of the fixed rate notes is a Level 2 measurement in the fair value hierarchy. Level 2 fair value measurements are derived from inputs, rather than directly quoted prices for an identical asset or liability in an active market. The inputs are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) and applied within the valuation technique.

The bank facilities allow multi-currency drawdowns and are at variable interest rates based on BBSY, SONIA and EURIBOR benchmark rates plus a market margin. Amounts can be repaid at the discretion of the Group. Therefore, the amounts drawn approximate their fair value.

Not included in the table above is a \$15 million (2021: \$15 million) revolving capital and contingent instruments facility used for any bank guarantees, letters of credit or similar instruments required by the Group. As at 31 December 2022, \$6.5 million (2021: \$6.5 million) was utilised. The borrowings are unsecured, and the Group has complied with the financial covenants of its borrowing facilities during the year.

(b) Reconciliation of the movement in borrowings to the financing cash flows include:

	2022 \$'000	2021 \$'000
Balance at beginning of the year	296,530	188,433
Proceeds from borrowings	369,850	349,739
Repayments of borrowings	(270,704)	(246,226)
Net borrowing costs amortised/(capitalised)	541	(21)
Foreign exchange rate movements	(7,793)	4,605
<b>Balance at end of the year</b>	<b>388,424</b>	<b>296,530</b>

(c) Contractual maturity analysis

Contractual cash outflow maturity analysis is shown based on undiscounted cash flows. An estimate, based on forward interest rates and foreign currency rates, has been applied in determining interest and foreign cash outflows and inflows. The actual contractual outflow may vary to the amounts disclosed.

31 December 2021 Outflows/(inflows)	Within 1 year \$'000	1-3 years \$'000	Greater than 3 years \$'000
Total borrowings drawn	-	-	298,143
Interest on borrowings	6,384	12,768	5,320

31 December 2022 Outflows/(inflows)	Within 1 year \$'000	1-3 years \$'000	Greater than 3 years \$'000
Total borrowings drawn	-	-	389,497
Interest on borrowings	9,633	10,881	8,625

#### (d) Interest expense and financing costs

Interest expenses are recognised using the effective interest rate method. Interest expense includes exchange differences arising from foreign currency borrowings to the extent they are regarded as adjustments to interest costs.

Net interest expense and financing costs for the year include:

	Notes	2022 \$'000	2021 \$'000
Interest income		1,007	193
Interest expense		(10,622)	(5,685)
<b>Other financing costs comprising:</b>			
Interest expense of lease liabilities	2.3(e)	(2,323)	(2,688)
Amortisation of borrowing costs		(753)	(788)
Translation on intra-group financing arrangements		-	3,587
Fair value changes on cross currency swaps		-	(3,746)
Fair value changes on managed investment		-	85
<b>Net interest expense and financing costs</b>		<b>(12,691)</b>	<b>(9,042)</b>

## 3.2 Issued capital

On 29 July 2021, Iress announced the launch of an on-market buy-back of up to \$100 million of ordinary fully-paid shares to be funded from Iress' existing cash and committed debt facilities.

Since the commencement of the share buy-back in 2021, Iress repurchased from the market 9,094,178 shares at an average price of \$10.996 for a total amount of \$100.0 million. The shares were all cancelled subsequent to purchase.

The number of ordinary shares outstanding at the end of the year include:

	Amount		Number of shares	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Balance at the beginning of the year</b>	493,883	558,416	189,628	193,326
Shares purchased and issued to employees in relation to employee share schemes <sup>(1)</sup>	(22,957)	(20,387)	-	-
On-market share buy-back <sup>(1)</sup>	(52,255)	(47,781)	(5,046)	(4,048)
Shares issued to meet obligations under the Dividends Reinvestment Plan	-	3,190	-	350
Shares issued under employee Share Purchase Plan	394	445	-	-
	<b>419,065</b>	<b>493,883</b>	<b>184,582</b>	<b>189,628</b>
Less Treasury Shares <sup>(2)</sup>	-	-	(3,381)	(2,447)
<b>Balance at the end of the year</b>	<b>419,065</b>	<b>493,883</b>	<b>181,201</b>	<b>187,181</b>

(1) Shares issued during the year net of issue cost and tax.

(2) Treasury shares represent unvested and unallocated or allocated shares held by the Employee Share Trust.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2022

## 3.3 Managing financial risks

### (a) Market risks

#### Interest rate risk

The Group's exposure to interest rate risk mainly arises from its variable rate borrowings.

An increase in the benchmark interest rates of 50 basis points (0.5%), with all other factors held constant, would result in an increase in the annual interest cost of the Group of \$1.9 million (2021: \$1.4 million).

#### Foreign currency risk

GBP and EUR borrowings do not give rise to foreign currency risk to the Group because they are either drawn down by entities with the same functional currency or by the way they have been structured.

The Group is exposed to foreign currency transaction risk mainly from payment to certain suppliers in USD and intercompany balances denominated in foreign currency. Additional foreign currency risk arises from cash balances, receivables and payables held within each subsidiary but denominated in a currency different to the functional currency of that subsidiary.

The material exposure to foreign currency movements arising from foreign currency working capital balances held within the Group includes:

	2022 '000	2021 '000
<b>Working capital denominated in foreign currency</b>		
GBP	2,404	1,786
USD	(1,049)	(924)
ZAR	29,414	32,234
<b>AUD impact on profit or loss of a 1% increase in foreign currency rates</b>		
GBP	43	33
USD	(15)	(13)
ZAR	25	28

The above excludes the exposure of the Group from translating its foreign operations to the Group presentation currency.

### (b) Capital risk management

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to shareholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group is not subject to any significant regulatory capital requirements.

Management reviews the capital structure of the Group on a regular basis. As part of this review, the cost of capital and the risks associated with each class of capital is considered as well as the impact on the Group's available debt facilities (refer to Note 3.1) and leverage.

## Section 4. Other disclosures

### 4.1 Taxation

Total income tax expense comprises current and deferred tax recognised in the Statement of Profit or Loss in the year. Current and deferred tax is also recognised directly in equity, and not in the Statement of Profit or Loss, to the extent it is attributable to amounts and movements which have also been recognised directly in equity.

#### Current tax

Current tax comprises expected tax payable/receivable on business taxable income/loss which is recognised in the Statement of Profit or Loss in the current year. Any adjustments to tax payable/receivable are recognised in the current year that relate to taxable income/loss recognised in the Statement of Profit or Loss in prior years.

Current tax is measured using the applicable enacted (or substantively enacted) income tax rates, at the reporting date in the countries where the Company's subsidiaries and associates operate.

## Deferred tax

Deferred tax represents the movements in deferred tax assets and liabilities which have been recognised during the year and which are attributable to amounts recognised in the Statement of Profit or Loss in the current year and the amounts recognised in the Statement of Profit or Loss in prior years. Deferred tax assets and liabilities are attributable to temporary timing differences between the carrying amount of assets and liabilities recognised for financial reporting purposes, and the tax base of assets and liabilities recognised for tax purposes.

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent it is probable that future taxable profits will be available against which they can be realised.

Deferred tax liabilities are recognised for all the assessable temporary differences as required by accounting standards.

Deferred tax is determined using tax rates which are expected to apply when the deferred tax asset/liability is expected to be realised based on enacted (or substantively enacted) laws at the reporting date. The measurement of deferred tax also reflects the tax consequences flowing from the manner in which the Group expects, at the reporting date, to realise or settle the carrying amount of its assets and liabilities.

## Tax consolidation

The Company and its wholly-owned Australian resident entities are part of a tax consolidated group under Australian Taxation Law. Iress Limited is the head entity of the Australian tax consolidated group. Tax expense, deferred tax assets and deferred tax liabilities arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial accounts of the members of the Australian tax consolidated group using the stand-alone taxpayer approach. Current and deferred tax assets and liabilities arising from unused tax losses, and tax credits of the members of the Australian tax consolidated group, are recognised by the Company (as head entity of the tax consolidated group).

Due to the existence of a tax funding arrangement between the entities in the Australian tax consolidated group, amounts are recognised as payable to, or receivable by, the Company and each member of the Australian tax consolidated group. This is in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the Australian tax consolidated group in accordance with the arrangement.

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

	2022 \$'000	2021 \$'000
<b>Income tax expense recognised in Statement of Profit or Loss</b>		
<b>Current income tax expense</b>		
Current income tax charge	14,467	20,045
Adjustments in respect of current income tax of the previous year	(2,195)	(701)
	<b>12,272</b>	<b>19,344</b>
<b>Deferred income tax expense</b>		
Origination and reversal of temporary differences	3,322	(739)
Adjustments in respect of deferred income tax of the previous year	(346)	463
	<b>2,976</b>	<b>(276)</b>
<b>Total income tax expense recognised in Statement of Profit or Loss</b>	<b>15,248</b>	<b>19,068</b>
<b>Income tax expense recognised in other comprehensive income</b>		
Arising from gains or losses on long term monetary intercompany balances	-	(51)
<b>Income tax expense recognised directly in equity</b>		
Current tax credited directly to other reserves	(240)	(240)
Deferred tax credited directly to other reserves	240	216
<b>Total income tax expense recognised in Other Comprehensive Income and Equity</b>	<b>-</b>	<b>(75)</b>

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2022

## 4.1 Taxation (continued)

(b) The reconciliation of income tax expense at the Australian tax rate to total income tax expense is as follows:

	2022 \$'000	2021 \$'000
Profit from continuing operations before income tax expense	67,920	92,866
<b>Tax at the Australian tax rate of 30% (2021: 30%)</b>	<b>20,376</b>	<b>27,860</b>
Income tax expense adjustments:		
Effect of different tax rates in foreign jurisdictions	351	56
Effect of non-assessable income	(11,734)	(17,403)
Effect of non-deductible expenses	8,511	7,448
Employee share plan	576	313
Adjustments for current and deferred tax of prior years	(2,541)	(238)
Unrecognised tax losses	(291)	1,032
<b>Income tax expense</b>	<b>15,248</b>	<b>19,068</b>

(c) Deferred income tax assets and liabilities recognised in the Statement of Financial Position:

For the year ended 31 December 2021	Opening balance \$'000	Charged to income \$'000	Charged to OCI/equity \$'000	Exchange differences \$'000	Closing balance \$'000
<b>Deferred tax assets</b>					
Receivables and other assets	287	(77)	-	5	215
Plant and equipment	4,397	(842)	-	81	3,636
Computer software	2,004	26	-	-	2,030
Payables and other liabilities	3,378	1,717	-	(3)	5,092
Provisions and accruals	9,984	(1,663)	-	1	8,322
Derivative liabilities	522	(522)	-	-	-
Carry forward tax losses	5,883	(1,760)	-	(54)	4,069
Capital transaction costs	2,451	1,137	(216)	-	3,372
Share-based payments	3,412	(1,360)	-	87	2,139
Leases	2,016	693	-	(6)	2,703
Other	1	1	-	-	2
<b>Total deferred tax assets</b>	<b>34,335</b>	<b>(2,650)</b>	<b>(216)</b>	<b>111</b>	<b>31,580</b>
<b>Deferred tax liabilities</b>					
Trade and other payables	(65)	(535)	-	-	(600)
Computer software	(377)	(25)	-	(19)	(421)
Intangible assets	(11,802)	2,935	-	(31)	(8,898)
Other financial assets	(551)	551	-	-	-
<b>Total deferred tax liabilities</b>	<b>(12,795)</b>	<b>2,926</b>	<b>-</b>	<b>(50)</b>	<b>(9,919)</b>
<b>Net deferred tax</b>	<b>21,540</b>	<b>276</b>	<b>(216)</b>	<b>61</b>	<b>21,661</b>

For the year ended 31 December 2022	Opening balance \$'000	Charged to income \$'000	Charged to OCI/equity \$'000	Exchange differences \$'000	Closing balance \$'000
<b>Deferred tax assets</b>					
Receivables and other assets	215	(142)	-	(2)	71
Plant and equipment	3,636	(488)	-	(97)	3,051
Computer software	2,030	(264)	-	-	1,766
Payables and other liabilities	5,092	(329)	-	(6)	4,757
Provisions and accruals	8,322	(1,607)	-	(7)	6,708
Carry forward tax losses	4,069	248	-	4	4,321
Capital transaction costs	3,372	(795)	(240)	-	2,337
Share-based payments	2,139	(308)	-	(86)	1,745
Leases	2,703	(118)	-	-	2,585
Other	2	(3)	-	-	(1)
<b>Total deferred tax assets</b>	<b>31,580</b>	<b>(3,806)</b>	<b>(240)</b>	<b>(194)</b>	<b>27,340</b>
<b>Deferred tax liabilities</b>					
Trade and other payables	(600)	(80)	-	4	(676)
Computer software	(421)	136	-	20	(265)
Intangible assets	(8,898)	1,815	-	51	(7,032)
Employee share plan	-	(1,041)	-	-	(1,041)
<b>Total deferred tax liabilities</b>	<b>(9,919)</b>	<b>830</b>	<b>-</b>	<b>75</b>	<b>(9,014)</b>
<b>Net deferred tax</b>	<b>21,661</b>	<b>(2,976)</b>	<b>(240)</b>	<b>(119)</b>	<b>18,326</b>

(d) Unused tax losses to carry forward for which no deferred tax asset has been recognised:

	2022 \$'000	2021 \$'000
Hong Kong (Tax rate 16.5% (2021: 16.5%))	159	131
France (Tax rate 25.0% (2021: 26.5%))	75,903	75,719
Australia (Tax rate 30.0% (2021: 30.0%)) <sup>(1)</sup>	17,130	17,130
<b>Potential tax benefit</b>	<b>24,141</b>	<b>25,226</b>

(1) Australia tax losses transferred from OneVue into the Australian tax consolidated group.



# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2022

## 4.2 Iress Limited – parent entity financial information

The ultimate controlling entity of the Group is Iress Limited, which is a for-profit entity listed on the Australian Securities Exchange (ASX).

### (a) Summary financial information

The individual financial statements for the parent entity, Iress Limited:

	2022 \$'000	2021 \$'000
Current assets	78,218	284,869
Non-current assets	893,026	900,076
<b>Total assets</b>	<b>971,244</b>	<b>1,184,945</b>
Current liabilities	60,448	263,440
Non-current liabilities	370,689	289,060
<b>Total liabilities</b>	<b>431,137</b>	<b>552,500</b>
<b>Net assets</b>	<b>540,107</b>	<b>632,445</b>
<b>Equity</b>		
Issued capital	419,065	493,883
Reserves	26,179	26,209
Retained earnings	94,863	112,353
<b>Total equity</b>	<b>540,107</b>	<b>632,445</b>
Profit for the year <sup>(1)</sup>	50,772	33,412
<b>Total comprehensive income</b>	<b>50,772</b>	<b>33,412</b>

(1) Included within profit for the year is dividend income from subsidiaries of \$4.8 million (2021: \$51.0 million).

### (b) Capital commitments

As at 31 December 2022, no capital expenditure has been contracted or provided for (2021: Nil).

### (c) Contingencies

As at 31 December 2022, no material contingent liabilities have been contracted or provided for (2021: Nil).

## 4.3 Subsidiaries

Details of the Group's wholly-owned subsidiaries at the end of the year are as follows:

### Australia

BC Gateways Pty Ltd	No More Practice Education Pty Ltd
Diversa Funds Management Pty Ltd	No More Practice Holdings Pty Ltd
Diversa Pty Ltd (formerly Diversa Ltd)	OneVue Financial Pty Ltd
FUND.eXchange Pty Ltd	OneVue Fund Services Pty Ltd
Financial Synergy Actuarial Pty Ltd <sup>(1)</sup>	OneVue Holdings Ltd <sup>(1)</sup>
Financial Synergy Holdings Pty Ltd <sup>(1)</sup>	OneVue Pty Ltd
Financial Synergy Pty Ltd <sup>(1)</sup>	OneVue Services Pty Ltd
Glykoz Pty Ltd	OneVue Super Member Administration Pty Ltd
Group Insurance & Superannuation Concepts Pty Ltd	OneVue Super Services Holdings Pty Ltd
Innergi Pty Ltd	OneVue Super Services Pty Ltd
Investment Gateway Pty Ltd	OneVue UMA Pty Ltd
Iress Data Pty Ltd <sup>(1)</sup>	OneVue Unit Registry Pty Ltd
Iress Euro Holdings Pty Ltd <sup>(1)</sup>	OneVue Wealth Services Ltd
Iress Information Pty Ltd	OneVue Wealth Solutions Pty Ltd
Iress International Holding Pty Ltd <sup>(1)</sup>	Planning Resources Group Pty Ltd <sup>(1)</sup>
Iress South Africa (Australia) Pty Ltd <sup>(1)</sup>	Top Quartile Management Pty Ltd
Iress Spotlight Wealth Management Solutions (RSA) Pty Ltd <sup>(1)</sup>	Tranzact Consulting Pty Ltd
Iress Wealth Management Pty Ltd <sup>(1)</sup>	Tranzact Financial Services Pty Ltd
Lucsan Capital Pty Ltd	Tranzact Superannuation Services Pty Ltd
Map Funds Management Pty Ltd	

## Canada

Iress Canada Holdings Ltd	Iress (Ontario) Ltd
Iress (LP) Holdings Corp.	KTG Technologies Corp.
Iress Market Technology Canada LP	

## South Africa

Advicenet Advisory Services (Pty) Ltd	Iress MD RSA (Pty) Ltd
Iress Hosting (Pty) Ltd	Iress Wealth MNGT (Pty) Ltd
Iress Financial Markets (Pty) Ltd	

## United Kingdom

Iress FS Group Ltd	Iress (UK) Ltd
Iress FS Ltd	Iress UK Holdings Ltd
Iress Mortgage Services Ltd	Iress Web Ltd
O&M Systems Ltd	Proquote Ltd
O&M Life & Pensions Ltd	Pulse Software Systems Ltd
Iress Portal Ltd	Pulse Software Management Ltd
Iress Solutions Ltd	QuantHouse UK Ltd
Iress Technology Ltd	TrigoldCrystal Ltd

## Other countries

BC Gateways Ltd (Hong Kong)	Iress SAS
Iress Asia Holdings Ltd (Hong Kong)	Iress Tunisia Branch Sàrl
Iress Inc	QH HoldCo (Luxembourg)
Iress Malaysia Holdings Sdn Bhd (Malaysia)	QuantHouse Singapore Pte Ltd (Singapore)
Iress Market Technology (Singapore) Pte Ltd (Singapore)	Waysun Technology Development Ltd (Hong Kong)
Iress (NZ) Ltd (New Zealand)	

[1] Iress Limited and its Australian subsidiaries entered into an ASIC Class Order and are a party to a Deed of Cross Guarantee with Iress Limited.

## 4.4 Deed of cross guarantee

Iress Limited and a number of Australian wholly-owned subsidiaries (outlined in Note 4.3) are party to a Deed of Cross Guarantee under which each company guarantees the debts of the others. By entering into the deed, the relevant, wholly-owned subsidiaries have been relieved from the requirement to prepare the financial report and Directors' Report under ASIC Corporations (Wholly-Owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission.

### (a) Consolidated Statement of Profit or Loss and retained earnings:

	2022 \$'000	2021 \$'000
Profit before tax	65,366	105,781
Income tax expense	(8,411)	(6,446)
<b>Net profit after tax</b>	<b>56,955</b>	<b>99,335</b>
Retained earnings at the beginning of the year	43,781	7,170
Dividends declared	(86,858)	(88,986)
Transfers from SBP reserve	18,596	26,262
Reclassification of the fair value of Iress UK Holdings Limited shares transferred to Iress International Holding Pty Ltd	101,433	-
<b>Retained earnings at the end of the year</b>	<b>133,907</b>	<b>43,781</b>

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2022

## 4.4 Deed of cross guarantee (continued)

(b) Consolidated Statement of Financial Position

	2022 \$'000	2021 \$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	29,022	27,926
Receivables and other assets	45,881	34,326
Receivables from Iress Group companies outside the Deed	71,710	195,167
Current taxation receivables	8,551	6,900
<b>Total current assets</b>	<b>155,164</b>	<b>264,319</b>
<b>Non-current assets</b>		
Intangible assets	120,521	121,499
Plant and equipment	14,641	16,441
Right-of-use assets	33,299	40,654
Deferred tax assets	19,271	21,166
Investment in subsidiaries	449,502	449,502
Other financial assets	165,724	173,917
<b>Total non-current assets</b>	<b>802,958</b>	<b>823,179</b>
<b>Total assets</b>	<b>958,122</b>	<b>1,087,498</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables and other liabilities	38,481	35,357
Lease liabilities	7,569	9,001
Provisions	7,905	13,115
Derivative liabilities	150	-
Current taxation payables	151	-
<b>Total current liabilities</b>	<b>54,256</b>	<b>57,473</b>
<b>Non-current liabilities</b>		
Lease liabilities	31,781	37,228
Provisions	2,155	2,644
Payables to Iress Group companies outside the Deed	-	128,633
Borrowings	388,424	296,530
Deferred tax liabilities	2,796	-
<b>Total non-current liabilities</b>	<b>425,156</b>	<b>465,035</b>
<b>Total liabilities</b>	<b>479,412</b>	<b>522,508</b>
<b>Net assets</b>	<b>478,710</b>	<b>564,990</b>
<b>EQUITY</b>		
Issued capital	419,065	493,883
Other reserves <sup>(1)</sup>	(101,433)	-
Share-based payments reserve	26,329	26,178
Cash flow hedge reserve	(150)	-
Foreign currency translation reserve	992	1,148
Retained earnings	133,907	43,781
<b>Total equity</b>	<b>478,710</b>	<b>564,990</b>

(1) Relates to a reclassification of the difference between previous value of Iress UK Holdings Ltd shares held by UAC - Apollo III UK Holdings Ltd and the fair value at the date of transfer to Iress International Holding Pty Ltd.

## 4.5 Basis of preparation

Iress Limited (the 'Company') is a for-profit company domiciled in Australia. The full year financial report is a general purpose financial report comprising the Company and its subsidiaries (collectively referred to as the 'Group' or 'Iress') for the year ended 31 December 2022. The full year financial statements:

- have been prepared in accordance with the *Corporations Act 2001 (Cth)*, Australian Accounting Standards and Interpretations, and International Financial Reporting Standards (IFRS)
- were authorised for issue by the Directors on 20 February 2023
- have been prepared on a historical cost basis, except for derivative financial instruments and investments in financial assets which have been measured at fair value
- have all amounts presented in Australian dollars, unless otherwise stated
- have amounts rounded off to the nearest thousand dollars, unless otherwise stated, as allowed under ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191 dated 24 March 2016 (ASIC guidance).

### (a) Adoption of new standards

In the current period, the Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for annual reporting periods commencing on or after 1 January 2021, including the following:

• AASB 2020-3 Amendments to Australian Accounting Standards	- Annual Improvements 2018-2020 and Other Amendments
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None of these standards have had a material impact on the Group in the current period and are not expected to have a material impact in future reporting periods or on foreseeable future transactions.

### (b) Standards on issue but not yet effective

At the date of authorisation of the financial statements, the following new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not yet been applied by the Company within this financial report:

AASB 17 Insurance contracts	- Measurement of insurance liabilities <sup>(1)</sup>
AASB 2014-10 Consolidated Financial Statements and AASB 128 Investments in Associates (amendments)	- Sale or contribution of assets between an investor and its associate or joint venture <sup>(2)</sup>
AASB 2015-10 Amendments to Australian Accounting Standards	- Effective date of amendments to AASB 10 and AASB 128 <sup>(2)</sup>
AASB 2017-5 Amendments to Australian Accounting Standards	- Effective date of amendments to AASB 10 and AASB 128 and editorial corrections <sup>(1)</sup>
AASB 2020-1 Amendments to Australian Accounting Standards	- Classification of liabilities as current or non-current <sup>(1)</sup>
AASB 2020-5 Amendments to Australian Accounting Standards	- Insurance contracts <sup>(1)</sup>
AASB 2020-6 Amendments to Australian Accounting Standards	- Classification of liabilities as current or non-current deferral of effective date <sup>(1)</sup>
AASB 2021-2 Amendments to Australian Accounting Standards	- Disclosure of Accounting Policies and Definition of Accounting Estimates <sup>(1)</sup>
AASB 2021-5 Amendments to Australian Accounting Standards	- Deferred tax related to assets and liabilities arising from a single transaction <sup>(1)</sup>
AASB 2021-7 Amendments to Australian Accounting Standards	- Effective date of amendments to AASB 10 and AASB 128 and editorial corrections <sup>(2)</sup>
AASB 2022-1 Amendments to Australian Accounting Standards	- Initial application of AASB 17 and AASB 9 - comparative information <sup>(1)</sup>

(1) Effective for annual periods beginning on or after 1 January 2023.

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

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

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2022

## 4.5 Basis of preparation (continued)

### (c) Summary of general accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

#### (i) Consolidation

The consolidated financial statements include the financial statements of the Company, and the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity.

An entity is controlled when Iress is exposed to, or has rights to, variable returns from involvement with the entity and has the ability to affect those returns through power over the entity.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

In reporting the consolidated financial statements, all intercompany balances and transactions, and unrealised profits or losses within the Group are eliminated in full.

#### (ii) Foreign currency translation

##### Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at the reporting date.

Exchange differences are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur. These form part of the net investment in a foreign operation, and are recognised in the foreign currency translation reserve in the consolidated financial statements in addition to profit or loss on disposal of the net investment.

##### Foreign operations

Assets and liabilities of foreign operations are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Any exchange differences are recognised in equity. On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

#### (iii) Financial instruments

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

When the transaction price differs from fair value at initial recognition, the Group will account for such difference if:

- fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised as a gain or loss on initial recognition (i.e. day 1 profit or loss)
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss such that it reaches a value of zero at the time when the entire contract can be valued using active market quotes or verifiable objective market information.

Depending on the type of financial instrument, the Group can adopt one of the following policies for the amortisation of day 1 gain or loss:

- Calibrate unobservable inputs to the transaction price and recognise the deferred gain or loss as the best estimates of those unobservable inputs change based on observable information.
- Release the day 1 gain or loss in a reasonable fashion based on the facts and circumstances (i.e. using either straight-line or non-linear amortisation).

**Financial assets**

The Company's financial assets include cash and cash equivalents, derivatives, listed shares and trade and other receivables.

**Classification and subsequent measurement of financial assets**

Financial assets that meet the following conditions and are subsequently measured at amortised cost include:

- the financial asset is held within a business model whose objective is to collect contractual cash flows
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

**Amortised cost and interest income**

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired.

**Impairment of financial assets**

The Group performs impairment assessment under the expected credit losses model on financial assets (including trade and other receivables, receivables from related parties and bank balances), which are subject to impairment under AASB 9 *Financial Instruments*. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition. Refer to Note 2.5(b) on the Group's approach to the credit loss allowance.

**Derecognition of financial assets**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or, when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

**Cash and cash equivalents**

Cash and cash equivalents include cash in hand and on-demand deposits, and other short-term highly liquid investments, readily convertible into a known amount of cash and are subject to an insignificant risk of changes in value.

**Financial liabilities and equity**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

**Bank borrowings**

Interest-bearing bank loans and overdrafts are recorded at the fair value of proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the statement of comprehensive income using the effective interest rate method. They are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

**Trade payables**

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

# Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2022

## 4.5 Basis of preparation (continued)

### (d) Significant sources of estimation uncertainty

The following assets and liabilities recognised in the Consolidated Statement of Financial Position as at 31 December 2022 are subject to estimates made about future performance and as such require significant judgement:

#### (i) Goodwill

Significant judgement is required in the assumptions used in the value-in-use models used in impairment testing. Refer to Note 2.1 for more detailed information.

#### (ii) Credit Loss Allowance

Significant judgement is required in the assumptions made in calculating the Group's credit loss allowance included within trade and other receivables. Refer to Note 2.5 for more detailed information.

### (e) Global economic challenges

Various global challenges including inflation, Russia/Ukraine war, global supply chain disruptions, tighter global financial conditions and the COVID-19 pandemic continue to pose future uncertainties. To the extent relevant, their impact has been considered when applying the Group's accounting policies including where management has made judgement, estimates and assumptions.

## 4.6 Transactions with related parties

There are no shareholders with substantial holdings that materially transacted with the Group during the year.

## 4.7 Events subsequent to the Statement of Financial Position date

On 19 February 2023, the Directors declared a final dividend of 30.0 cents per share franked to 0% totalling \$55.4m.

Other than the declaration of the final dividend, and the items noted above, there has been no other matter nor circumstance which has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent years.



# Directors' Declaration

31 December 2022

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 55 to 100 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial year ended on that date
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 4.3 will be able to meet any obligations or liabilities to which they are, or may become subject by virtue of the deed of cross guarantees described in Note 4.4.

Note 4.5 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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



**Roger Sharp**

Chair



**Marcus Price**

Managing Director and Chief Executive Officer

Melbourne

20 February 2023

# Independent Auditor's Report



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## Independent Auditor's Report to the members of Iress Limited

### Report on the Audit of the Financial Report

#### **Opinion**

We have audited the financial report of Iress Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the year then ended; and
- 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 & 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><b><i>Carrying value of goodwill in the United Kingdom cash generating unit (UK CGU)</i></b></p> <p>Refer to Note 2.1 - Impairment assessment. As at 31 December 2022, the consolidated statement of financial position included goodwill of \$603.7 million. Included within the UK CGU at 31 December 2022 is goodwill of \$318.1 million.</p> <p>Goodwill is required to be assessed for impairment on an annual basis or when any indicators of impairment exist.</p> <p>The Group has prepared a value in use model to determine the recoverable amount</p> <p>This is a Key Audit Matter as the UK CGU was identified as having a heightened risk of impairment due to the sensitivity of the recoverable amount to the estimated revenue growth rates during the forecast period.</p> <p>Disclosures of “reasonably possible changes” to key assumptions related to the UK CGU impairment model are included in Note 2.1.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the key controls associated with the preparation of the value in use model and critically evaluating management’s methodologies.</li> </ul> <p>With the assistance of our valuation specialists, we:</p> <ul style="list-style-type: none"> <li>• Assessed key assumptions, including forecast growth rates by comparing them to economic and industry growth rates;</li> <li>• Challenged the forecast revenue for the UK CGU with reference to: <ul style="list-style-type: none"> <li>- the historical forecasting accuracy</li> <li>- the current revenue pipeline and historical pipeline conversion rates;</li> </ul> </li> <li>• Assessed the terminal value growth rate applied to the model by with reference to long term GDP and inflation forecasts for the UK market;</li> <li>• Agreed the cash flow forecast to the latest Board approved financial plan for the UK CGU;</li> <li>• Performed an independent assessment of an appropriate discount rate for the UK CGU;</li> <li>• Tested the mathematical accuracy of the value in use models;</li> <li>• Compared the recoverable amount of the UK CGU in local currency to its carrying amount in local currency; and</li> <li>• Performed sensitivity analyses to stress test the recoverable amount for changes to key assumptions used in the value in use model, including revenue growth rate and discount rate used.</li> </ul> <p>We also assessed the appropriateness and adequacy of the disclosures included in Note 2.1 of the consolidated financial statements, and in particular the accuracy of the “reasonably possible change” sensitivity disclosures.</p>

# Independent Auditor's Report (continued)



Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><b>Software Development Costs capitalised as work-in-progress</b></p> <p>Refer to Note 2.1 – Intangible assets.</p> <p>As at 31 December 2022, the Group's capitalised work-in-progress totalled \$25.8 million.</p> <p>The Group capitalises costs incurred in the development of its software. These costs are then amortised over the estimated useful life of the software once the product development is completed.</p> <p>Development costs are recognised under the Group's policy where it can be demonstrated the company can generate future economic benefits., and the cost of actual development can be reliably measured and clearly distinguished from research and ongoing maintenance activities.</p> <p>This is a Key Audit Matter as the Group's process for capitalising development costs involves judgement as it includes evaluating the commercial viability of the software, distinguishing development costs from research and ongoing maintenance activities and estimating the time which staff spend developing the software and costs attributable to that time.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>Obtaining an understanding of the key controls associated with the capitalisation of work in progress and critically evaluating management's methodologies.</li> </ul> <p>For a sample of software development projects included in work-in-progress, we:</p> <ul style="list-style-type: none"> <li>Obtained management's capitalisation accounting paper and evaluated the available information in respect of each project against the Group's policy and the requirements of AASB138 <i>Intangible Assets</i> to determine if the project was eligible for capitalisation.</li> <li>Held discussions with relevant project managers to understand the nature of the work conducted, and the basis of management's assessment of potential commercial viability of the product, in order to assess the appropriateness of its treatment as development costs under AASB138</li> <li>For a sample of employees we vouched to the payroll and other information including the procedures used to estimate the hours allocated to the project and determine the rates applied; and</li> <li>Where relevant, agreed a sample of other capitalised costs to third party evidence.</li> </ul> <p>We also assessed the appropriateness and adequacy of the disclosures related to capitalised software development costs in Note 2.1 of the consolidated financial statements.</p>

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2022, 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 we do not express any form of assurance conclusion thereon.

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 ability of the Group to continue as a going concern, disclosing, as applicable, matters related 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 has 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 judgement 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.
- 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's 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.

# Independent Auditor's Report (continued)



From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period 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 Remuneration Report

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included pages 28 to 53 of the Directors' Report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of Iress Limited for the year ended 31 December 2022, complies with section 300A of the *Corporations Act 2001*.

### *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.

A stylized, handwritten signature of Deloitte Touche Tohmatsu in black ink.

DELOITTE TOUCHE TOHMATSU

A stylized, handwritten signature of Stephen Roche in black ink.

Stephen Roche  
Partner  
Chartered Accountants  
Melbourne 20 February 2023

# Shareholder information

The below shareholder information was applicable as at 31 January 2023.

## (a) Distribution of members and their holdings:

	Number of shareholders	Number of shares	% of issued capital
1 to 1,000	5,361	2,110,680	1.14
1,001 to 5,000	3,339	7,866,707	4.26
5,001 to 10,000	598	4,314,280	2.34
10,001 to 100,000	377	8,751,183	4.74
100,001 and over	44	161,539,624	87.52
<b>Total</b>	<b>9,719</b>	<b>184,582,474</b>	<b>100.00</b>

## (b) Substantial shareholders<sup>(1)</sup>:

	Number held	%
MITSUBISHI UFJ FINANCIAL GROUP	15,310,333	8.29
CHALLENGER LIMITED	13,327,919	7.22
VANGUARD	9,465,830	5.13
DNR CAPITAL	9,380,714	5.08
SELECTOR FUNDS MANAGEMENT	9,363,199	5.07
STATE STREET CORPORATION	9,340,038	5.06
<b>Total substantial shareholders</b>	<b>66,188,033</b>	<b>35.86</b>
Balance of register	118,394,441	64.14
<b>Total</b>	<b>184,582,474</b>	<b>100.00</b>

(1) Based on section 671B disclosure lodged with the Australian Stock Exchange.

## (c) 20 largest shareholders of quoted equity securities:

Rank	Name	Number held	% of issued shares
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	56,202,411	30.45
2	CITICORP NOMINEES PTY LIMITED	37,445,338	20.29
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	27,783,513	15.05
4	NATIONAL NOMINEES LIMITED	8,749,888	4.74
5	BNP PARIBAS NOMS PTY LTD <DRP>	7,186,662	3.89
6	AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	6,691,523	3.63
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	1,810,526	0.98
8	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	1,545,093	0.84
9	ARGO INVESTMENTS LIMITED	1,417,413	0.77
10	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	1,144,562	0.62
11	MIRRABOOKA INVESTMENTS LIMITED	1,013,087	0.55
12	DJERRIWARRH INVESTMENTS LIMITED	983,000	0.53
13	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	828,664	0.45
14	NAVIGATOR AUSTRALIA LTD <SMA ANTARES INV DV BUILD A/C>	647,152	0.35
15	COLONIAL FIRST STATE INV LTD <ENCIRCLE IMA A/C>	597,892	0.32
16	AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	537,023	0.29
17	COLONIAL FIRST STATE INV LTD <ENCIRCLE SUPER A/C>	506,850	0.27
18	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	458,536	0.25
19	AMCIL LIMITED	440,500	0.24
20	POWERWRAP LIMITED <ESCALA SMA TRADING A/C>	393,066	0.21
<b>Total Top 20 shareholders</b>		<b>156,382,699</b>	<b>84.72</b>
Balance of register		28,199,775	15.28
<b>Total</b>		<b>184,582,474</b>	<b>100.00</b>



# Corporate directory

## Directors

R Sharp	Chair since May 2021 and Independent Non-Executive Director since February 2021
M Price <sup>(1)</sup>	Independent Non-Executive Director since July 2022 and Managing Director and Chief Executive Officer since 3 October 2022
A Walsh <sup>(2)</sup>	Managing Director and Chief Executive Officer since October 2009 and retired on 3 October 2022
N Beattie	Independent Non-Executive Director since February 2015
J Cameron <sup>(3)</sup>	Independent Non-Executive Director since March 2010 and final term as Director ended at the AGM in May 2022
M Dwyer	Independent Non-Executive Director since February 2020
J Fahey	Independent Non-Executive Director since October 2017 and Chair of the People & Performance Committee since February 2020
A Glenning <sup>(4)</sup>	Independent Non-Executive Director since October 2022
T Vonhoff	Independent Non-Executive Director since February 2020 and Chair of the Audit & Risk Committee since May 2021

## Company Secretary

P Ferguson

## Registered Office

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Melbourne VIC 3000

Phone: +61 3 9018 5800

Fax: +61 3 9018 5844

## Share Registry

Computershare Investors Services Pty Limited

452 Johnston Street

Abbotsford VIC 3067

[www.computershare.com](http://www.computershare.com)

## Stock Exchange Listing

Iress Limited shares are quoted on the Australian Securities Exchange under the code: IRE

## Auditor

Deloitte Touche Tohmatsu

(1) Appointed as Independent Non-Executive Director on 26 July 2022 and assumed the Managing Director and Chief Executive Officer role on 3 October 2022.

(2) Retired as Managing Director and Chief Executive Officer effective 3 October 2022, and remained a consultant from 3 October 2022 until the end of January 2023.

(3) Retired on 5 May 2022.

(4) Appointed as Independent Non-Executive Director on 11 October 2022.



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