



MARKET RELEASE

## Integrated Research Limited FY23 First Half Results

**Sydney, Australia, 16 February 2023** – Integrated Research (ASX: IRI) a leading global provider of performance management and analytics for unified communication and collaboration, IT infrastructure, and payment ecosystems, today released its results for the six-month period ending 31 December 2022.

### Key Highlights

- Traction from leadership changes in Americas and Europe
- Total Contract Value (TCV) up 22% on previous corresponding period (pcp)
- Average contract length extended to over 4 years, from previous low of 2.5 years
- Balance sheet remains strong
- On plan to achieve FY23 Key Priorities

Total Contract Value (TCV) for the six months to 31 December 2022 was \$38.9 million representing a 22% increase over the pcp. This was at the higher end of the range provided by the company on 12 January 2023.

Statutory revenue for the period was \$38.4 million, up 19% on the pcp as a result of the strong TCV. Statutory EBITDA was up 26% to \$8.5 million. The Company reported Net Profit After Tax (NPAT) of \$3.2 million, an 80% increase in comparison to December 2021.

Proforma revenue declined 7% and proforma subscription revenue declined 1% over the previous corresponding period.

The overall cash balance was impacted by the timing of sales with significant sales toward the end of the current period, resulting in customer payment in the following periods. The company focus on cash collections resulted in improved collections of the receivables balance.

John Ruthven, Chief Executive Officer said, “The changes initiated during FY22 at the leadership and operating levels are gaining traction. Improved sales execution, reinvigorated strategic partnerships and effective customer engagement, puts us on plan to achieve our key priorities in FY23.”

“Whilst TCV growth is our lead indicator for business momentum, it is worth highlighting that our proforma results will exhibit a lag in the recovery of the business, as we wash through the impact of a challenging couple of years.”

“First half FY23 was a strong period for customer renewals, whereas our focus in the second half of the year will be on executing new business. We believe we are well positioned currently, and our team is progressing towards delivering on our business plan.”



## Total Contract Value (TCV)

Total Contract Value (TCV) continues to be the key operating metric we track to define our business performance. TCV includes software licence and related maintenance, cloud, testing and services bookings.

A strong contracts renewal period resulted in 68% of licence TCV generated from renewals (H1 FY22: 43%). Improved sales execution resulted in strong TCV performances recorded from Transact, up 164% and Infrastructure, up 81% on the pcp. Collaborate exhibited signs of stabilising, down just 3% on pcp.

We continue to experience robust licence TCV growth in Asia Pacific (up 60%) and Europe (up 39%, local currency). The Americas (up 6%, local currency) is also experiencing early signs of a recovery.

Average contract length of new and renewed contracts during the period has recovered from the lows of H1 FY22 when we recorded an average contract length of 2.5 years, to now be over 4 years during H1 FY23. 17 new customers were added during the six-month period ending 31 December 2022.

## Proforma Results

Due to the lag in the nature of the proforma reporting, proforma subscription revenue was down 1% on the pcp, driven by non-renewals in H2 FY22. A stronger renewals period offset by slower new business resulted in lower Services contribution and proforma revenue being down 7% on the pcp.

During the period, 89% (H1 FY22: 84%) of proforma revenue was of a recurring nature, representing non-cancellable licences and related maintenance contracts.

## Expenses

Total operating expenses rose 5% during H1 FY23, with inflationary pressure offset by managing the headcount. IR continues to manage costs tightly.

## Balance Sheet and Cash

The balance sheet improved with net assets up 4%, net cash of \$9.3 million and no debt at 31 December 2022. Cash conversion of 83% was primarily timing related, with the majority of contracts executed towards the end of the half. Trade and other receivables are positively contributing to current cash inflows.

## Dividends

To preserve capital for growth, the Board has not declared an interim dividend.

## Generation II Products

IR continues to work closely with partners, vendors, and customers on generation II products. The partnership with ACI is opening up multiple sales opportunities for Transact on account of new payment schemes across the world.

New value-added services are being offered to customers to meet their new demands for added visibility for monitoring.

We are implementing cloud integrations to support different usage models for customers.



## Key Priorities

Our business transition is gaining momentum, and our key areas of focus during H2 FY23 remain largely unchanged from those outlined at the start of the financial year. These include:

- Continue growth momentum in the Americas and Europe
- Win more business and grow product footprint
- Maintain high customer retention and renewal yield
- Collaborate with customers to reduce development cycles and validate use cases
- Increase profitability and cash conversion and retain a strong balance sheet

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This release was authorised by the Board of Integrated Research Limited.

### **About Integrated Research (IR)**

IR is a leading global provider of performance management and analytics for unified communication and collaboration, IT infrastructure and payment ecosystems. Around 600 organizations in over 60 countries rely on IR solutions to connect people, global economies, or the world. IR simplifies complex data streams, provides actionable insights, and ensures business continuity of critical systems. To learn more about the organization, please visit [ir.com](https://ir.com)

