



20 February 2020

ASX Market Announcements Office
Australian Securities Exchange Limited

Dear Sir/Madam

ASX Market Announcement

In accordance with the ASX Listing Rules, Integrated Research Limited (ASX: IRI) encloses for release to the market:

- FY2020 First Half Results

to be followed by release to the market of:

- FY2020 Half Year Financial Results Briefing

By authority of the Board,
David Purdue
Company Secretary
Integrated Research Limited
ABN: 76 003 588 449

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Integrated Research Limited Reports First Half Results

Quality Revenue Underpins Performance

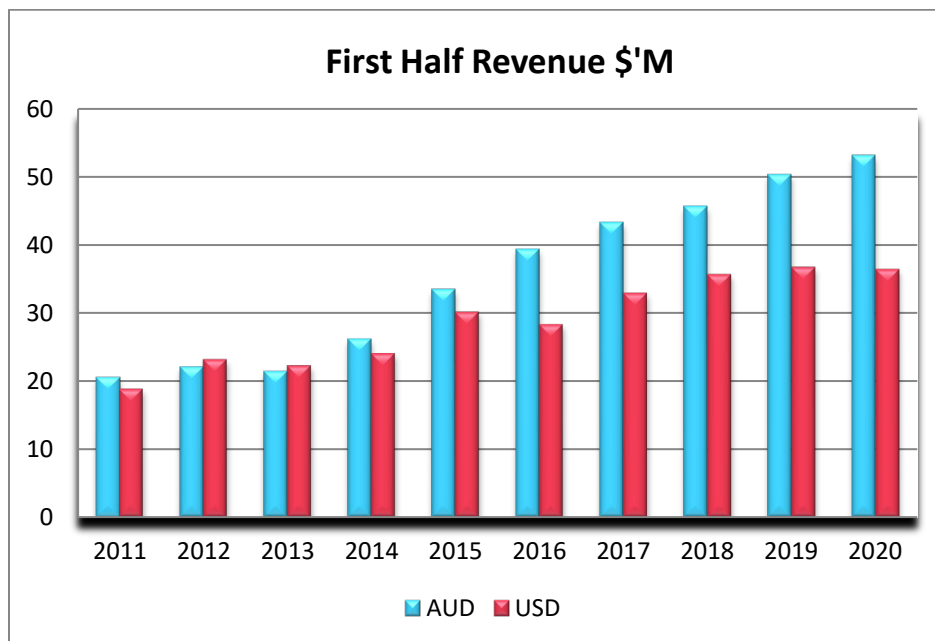
Sydney, Australia, 20 February 2020 – Integrated Research (ASX:IRI), a leading global provider of performance management software for critical IT infrastructure, payments and unified communications today released its results for the six month period ended 31 December 2019.

The Company is pleased to report its fifth consecutive year of interim profit growth. The Company achieved a 1% increase in profit after tax to \$11.8 million when compared to the prior corresponding period. The result is at the midpoint of the guidance provided to the ASX on 13 January 2020. Overall licence sales increased by 7% to \$33.4 million and total revenue increased by 6% to \$53.2 million.

Product and service revenue performance was as follows:

- Unified Communications revenue up 10% to \$29.7 million
- Payments revenue down 14% to \$7.8 million
- Infrastructure revenue up 1% to \$11.2 million
- Professional Services revenue up 39% to \$4.5 million

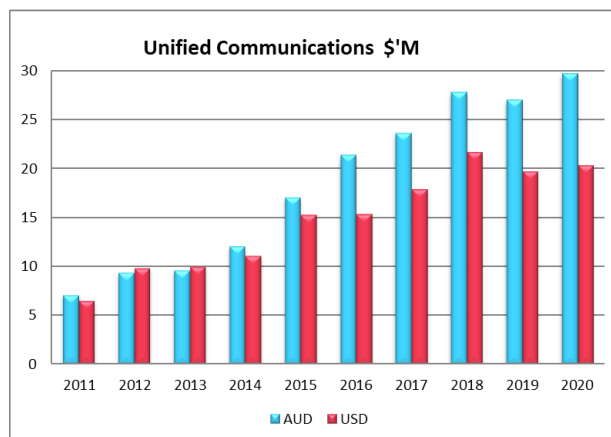
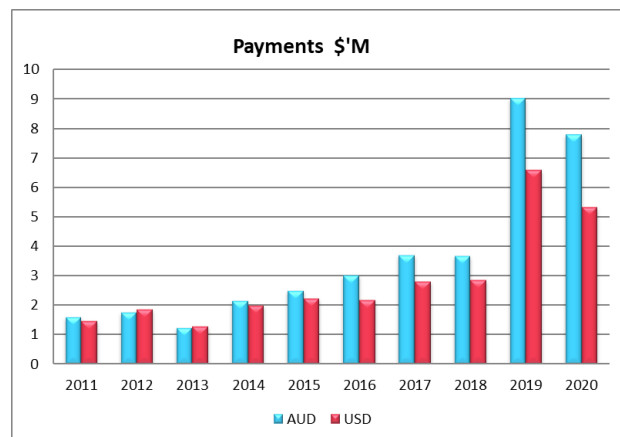
The following chart highlights the Company’s revenue growth in both Australian and US currencies for the first half of the 2020 financial year and the nine prior equivalent periods.



Over 95% of the Company's revenue was derived outside of Australia. IR Prognosis is sold in over 60 countries. Some of the more significant sales during the half year period came from ANZ Bank, AT&T, BT, Capgemini, Fiserv, HCL Technologies, and Prisma Medios.

Paul Brandling, Chairman of Integrated Research said, "The Company is well positioned to deliver on its hybrid cloud strategy as a result of the new SaaS platform going live and ready for first beta customers to trial its new Payments Assurance products over the coming months."

John Ruthven, Chief Executive Officer said, "The Company executed well in the first half to deliver a solid result underpinned by high quality revenues. Asia Pacific was the standout performance with 62% growth and the Unified Communications business returned to growth as expected. We anticipate delivering a strong result for the full year based on the quality of the second half pipeline."



Payments revenue declined by 14% to \$7.8 million against a strong prior year performance. While there is a cyclical aspect to the result, there are clear signs that the revenue stream is growing. Underlying growth in new business was 17% which will provide further momentum for longer term growth in a market where transactional volumes continue to expand.

Unified Communications revenues increased by 10% to \$29.7 million. As anticipated, the result was supported by the successful closure of renewals on the Avaya platform. Revenue on the Microsoft platform continued to decline as customers migrate away from Skype to Teams. Licence sales growth from the Cisco platform was stable for the half. The outlook for the full year remains positive as the Company looks to execute on further renewal opportunities in the second half and win new customers.

The Company's cashflow from operations increased by 28%¹ to \$13.2 million. Gross spend on research and development for the half was 21% (December 2018: 19%) of revenues. On 20 December, the Company's new 'real time' SaaS platform went live and we have now moved into the customer beta phase with a Payments Assurance product. This significant milestone was achieved through a balanced approach to R&D investment, supporting both development of the brand new SaaS platform and ongoing innovation on Prognosis.

The Company's profit margins remained steady for the half. The NPAT margin (as measured by NPAT/Revenue) was 22% compared to 23% for the equivalent prior half. Total staff numbers at the end of the half were 268 (December 2018: 262).

¹ Like for like comparison after adjusting for impact of new leasing standard.



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The table below summarises the Company's key revenue, expense and profit results compared to the previous corresponding period:

Half Year Ending			
Financial result highlights (\$'000)	December 2019	December 2018	Change
Revenue from licence fees	33,358	31,305	7%
Revenue from maintenance fees	12,068	12,859	(6%)
Revenue from SaaS fees	396	286	38%
Revenue from testing solution services	2,809	2,604	8%
Revenue from consulting	4,549	3,281	39%
Total revenue	53,180	50,335	6%
Research & development expenses (net)	8,146	8,615	(5%)
Sales, consulting & marketing expenses	26,936	24,274	11%
General and administrative expenses	3,375	3,348	1%
Total expenses	38,457	36,237	6%
Net profit before income tax	14,885	15,682	(5%)
Net profit after income tax	11,824	11,717	1%

Dividends

Directors have declared a fully franked interim dividend of 3.5 cents per share. Integrated Research maintains a strong financial position with total cash of \$7.6 million at 31 December 2019 (31 December 2018: \$9.6 million).

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About Integrated Research (ASX:IRI) – Integrated Research is a leading global provider of proactive performance management software for critical IT infrastructure, payments and communications ecosystems. IR Prognosis is deployed by customers in over 60 countries - including some of the world's largest banks, airlines and telecommunication companies who rely on Prognosis to provide business critical insights and ensure continuity-critical systems deliver high availability and performance for millions of their customers across the globe. For further information, visit www.ir.com

