2020 Annual Report

What do we do?

We provide technology to power financial services.

What's 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 strategic focus for investors, clients, users and employees

The quality, competitiveness and relevance of our technology have successfully driven Iress' long-term growth. The current drivers of industry growth, including regulatory requirements, automation and data, mean Iress is well placed for continued success.

Key drivers of growth

- Increasing regulatory requirements.
- Increasing business complexity and industry change.
- Demand for inter-connected software and services.
- Demand for data solutions for compliance, intelligence and growth.
- Demand for efficiency through automation.

Strategic priorities

- Attract and retain the best people.
- A continued focus on operational efficiency and quality.
- Targeted investment in data services, cloud technology and connectivity.
- Service clients exceptionally.
- Deliver a compelling user experience.

Cover image credit: Ketut Subiyanto

In this report

AGM details
Subject to COVID-19 requirements, the AGM will be a hybrid event, with the option to attend online or in person on:

Thursday 6 May 2021
11.30am AEST
RACV Club
501 Bourke Street
Melbourne, Australia

Image credit: Yan, from Pexels

2020 highlights

Financial

Operating revenue AUD (m)

$542.6

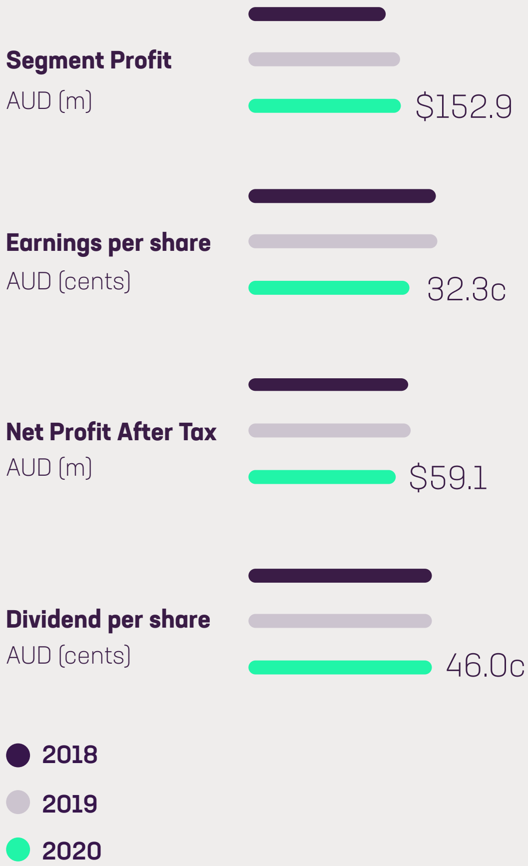
+7% On a constant currency basis v 2019

+7% On a reported currency basis v 2019

2019	$508.9
2020	$542.6

Shareholder

Sustainable return for shareholders



Operating cash flow AUD (m)

2019	$102.6
2020	$124.9

Sustainable return

Strong track record of producing sustainable returns for shareholders

Moving to the cloud

~1,000

Client sites migrated to AWS

Employee rating score

90%

Favourable rating of support given by Iress during the pandemic (June 2020)

Integrations

~550

Iress Community

12,500+

Active users

New team members by acquisition

228

People welcomed to Iress, following the acquisitions of BC Gateways, O&M Systems and OneVue in 2020

Increased digital connection for clients

↑7x

Increase in Client Portal users

Iress Foundation

$373,873

Contributed by Iress Foundation and Iress people to charitable initiatives

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.

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 deliver to their clients, members and customers.

	Software		Clients
Financial advice	**Integrated financial advice software offering:** • client management • business automation • portfolio data • research	• financial planning tools • scaled advice journeys • digital client solutions • data-driven compliance and analytics • consent infrastructure-as-a-service	• institutional and independent advisory
Trading and market data	**Global market data and trading software including:** • market data • trading interfaces • order and execution management • smart order routing • FIX services • portfolio management	• securities lending • analytical tools • algorithmic trading • market making • CFD clearing • post trade solutions • trading and market data APIs	• institutional sell-side brokers • retail brokers • online brokers
Investment management	**Global investment management and trading software including:** • portfolio management • order and execution management services • FIX services • analytical tools • connectivity	**Integrated software offerings, including:** • market data • order management • portfolio management • client relationship management • wealth management • **Funds administration services including:** • funds registry • retail platform licensing and technology	• investment managers • investment platforms • fund managers • private client advisers and managers • wealth managers • retail platforms
Superannuation	**Superannuation administration software including:** • fund registry • digital member portal	• digital advice solutions • fund administration services	• superannuation funds
Mortgages	**Multi-channel mortgage sales and origination software including:** • automated workflow • application processing • connectivity	**Mortgage intermediary software, including:** • mortgage comparison • mortgage advice • lender connectivity	• mortgage lenders • mortgage intermediaries
Life and pensions	**Insurance and pension sourcing software including:**	• quoting • comparison • application processing	• institutional and independent advisory • mortgage intermediaries

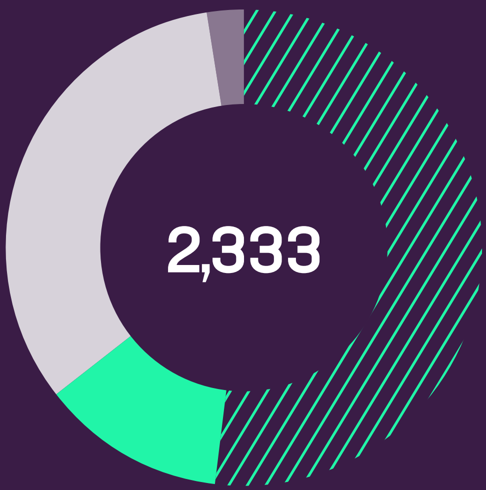
Our locations

Asia Pacific
UK & Europe
Africa
North America

Where our people focus

Product & technology	52%
Client service & support	30%
Corporate	9%
Operations	9%

People across the globe



1,215	Asia Pacific
772	UK & Europe
290	Africa
56	North America

Revenue

$542.6m

Clients

9,000 +

Users

500,000 +

Chair & CEO's letter

2020 was a year like no other—for individuals and for the world. Never before has our purpose—*we believe technology should help people perform better every day*—been as relevant. As the world's financial services professionals started working from their homes, Iress' technology demonstrated again how essential it is.

Faced with a global pandemic, Iress management and the Board set two core priorities to guide our response: uninterrupted service delivery to clients and the health and wellbeing of our people.

We have delivered on these two priorities throughout the past year. While some of the countries we operate in are experiencing periods of relief from government restrictions, others remain under heavy lockdowns and as a business we remain vigilant.

Our technology investments in prior periods—including workplace technology, and cloud services and digital tools for clients—have ensured we have been able to meet rapidly changing client demand. This includes record trading volumes, heightened demand for tools such as digital signatures and urgent software changes such as those needed to facilitate early release of superannuation.

While the pandemic is not over, Iress has demonstrated the value of its resilient business model, the essential nature of what it offers to clients and users, and its strong collaborative culture.

The Board and Management are proud of how our people have responded and adapted through this period—to help each other and our clients and users.

Strategic priorities

The pandemic accelerated some trends but slowed other areas of demand as clients re-prioritised. Our strategic priorities continued to be critical to achieving our goal of being the essential partner for forward-thinking financial services businesses. We continue to make strong progress against each of our strategic priorities:

- To attract and retain the best people.
- A continued focus on operational efficiency and quality.
- Targeted investment in data services, cloud technology and connectivity.
- Service clients exceptionally.
- Deliver a compelling user experience.

Attracting and retaining the best people sits at the core of successful technology companies. Iress' employee engagement rates have continued to improve in recent years, and our current and former employees rate us highly versus technology competitors on sites such as Glassdoor. Operational efficiency and leverage is critical to all aspects of our business, including financial outcomes, but also increasingly for client and user experience. We are seeing this in our financial performance, and in client and user feedback, where investment in our technology platforms are driving consistent, high quality deployment at scale. Our progress in migrating clients to cloud is strong with approximately 1,000 client sites migrated during the year.

Servicing clients exceptionally and delivering a compelling user experience is at the heart of Iress. The addition of two executives during 2020, Joydip Das as Chief Product Officer and Michael Blomfield as Chief Commercial Officer, will continue to drive a client and user-centred culture.

Financial results

We are pleased to report 2020 results ahead of reinstated guidance, aided by good momentum in the fourth quarter. 2020 pro forma Segment Profit was $155.6m, 5% ahead of 2019. A year into the pandemic, these results highlight the strength of Iress' businesses and the improving returns on our growth investments.

Recurring revenue, which underpins our group, increased by 8%, making up over 90% of total revenue. Cash conversion moved up to 108% (87% in pcp) and pro forma return on invested capital remains strong at 10%. The group generated $114m of free cash flow allowing us to continue to invest in technology and product development to sustain long-term growth. Including the successful capital raise in May, net debt fell by 36%.

APAC was a stand-out performer with revenue up 10%. Our strong Australian businesses continue to deliver growth with consistently high returns. We made good progress in executing our growth strategies including turning QuantHouse to monthly profitability and in providing Australian super funds with a highly efficient, outsourced administration solution. In the UK though, we have been affected by restrictions relating to the pandemic. While our significant growth opportunity remains intact, project timing and new business development have been delayed with revenue growth deferred.

2021 has started well for Iress and we have a positive outlook. For 2021 we expect to deliver Segment Profit in constant currency between the range of $164m and $168m including OneVue and ROIC of between 9% and 10%. Guidance assumes organic growth and improving returns on growth investments, underpinned again by 90%+ levels of recurring revenue.

Your dividend

The final dividend is 30 cents per share, franked to 40% bringing the full year 2020 dividend to 46.0 cents per share, franked to 38% (average weighted). Iress continues to maintain a conservative balance sheet at a leverage ratio of 0.8x Segment Profit.

Tony D'Aloisio (left) and Andrew Walsh (right)

2020 acquisitions

During 2020, alongside organic growth, Iress completed three acquisitions:

- **BC Gateways** (Australia, January 2020). BC Gateways has provided Iress with an end-to-end blockchain platform that enables financial services to exchange information in a secure, trusted, and streamlined way. This is being deployed in Australia to help the industry meet new advice fee consent requirements.
- **O&M Systems** (United Kingdom, March 2020). O&M Systems provides pension and investment data and comparison tools to financial advisers. The acquisition has further strengthened Iress' already comprehensive advice offering in the United Kingdom.
- **OneVue** (Australia, November 2020). With OneVue, Iress will be able to offer clients an open, seamless and highly efficient investment infrastructure that does not currently exist in Australia.

In 2020, Iress completed a successful $175 million equity raising to further strengthen its balance sheet and increase the flexibility for opportunities in the current environment, including the OneVue acquisition. We thank those investors who participated.

Annual General Meeting

Subject to any government restrictions relating to the pandemic, it is the Board's intention to have a hybrid annual general meeting via video conferencing and in person. The meeting is scheduled for 11.30 am, 6 May 2021 at the RACV City Club in Melbourne.

Thank you

On behalf of the Board and Management, thank you to our shareholders, our clients and users and to Iress' 2,333 people. While 2021 is unlikely to see the end of this pandemic, we hope it is a more predictable and manageable year for everyone.

Tony D'Aloisio
Chair

Andrew Walsh
Managing Director & CEO

Chair and Board succession

At the May 2019 Annual General Meeting, I outlined the Board's succession and renewal plan.

In line with this we welcomed two new non-executive directors: Michael Dwyer and Trudy Vonhoff at the beginning of 2020. At the AGM in May 2020, Jenny Seabrook stepped down from the Board following twelve years of service. At the 2021 AGM, two long-serving directors John Hayes and Geoff Tomlinson will not be seeking re-election. On behalf of my fellow directors, I thank John and Geoff for their commitment as directors. With these changes Iress will have a Board of seven made up of Roger Sharp, John Cameron, Julie Fahey, Trudy Vonhoff, Michael Dwyer, Niki Beattie and Andrew Walsh. Niki and Julie along with Roger are subject to election and re-election at this year's AGM.

At Iress' Annual General Meeting in May, I will step down as chair and director. 2021 will mark more than eight years as an Iress director and more than six years as Chair.

During this time, Iress has continued to adapt and grow. Iress is a strong company, whose strength comes from its ability to predict trends and lead clients ahead of those trends. Its strength also comes in its diversity including by geography, segment and product.

I am pleased to welcome Roger Sharp as non-executive director and chair-elect. Roger brings 35 years' experience in markets, technology and governance. He has broad international experience in Australia, New Zealand, Hong Kong, Singapore, the United Kingdom and the United States. He is currently chair of ASX-listed Webjet, the deputy chair of Tourism New Zealand, the chair of the Lotteries Commission of New Zealand and the founder of boutique technology investment bank, North Ridge Partners. His past executive roles have included Global Head of Technology at ABN AMRO Bank and CEO of ABN AMRO Asia Pacific Securities.

Tony D'Aloisio, Chair

Iress leadership

At Iress, our greatest asset is our people. Supporting them through an unprecedented time is a leadership team committed to achieving Iress' goals.

Left to right

Andrew Todd
Chief Technology Officer

Andrew Walsh
Chief Executive Officer

Coran Lill
Chief Communications & Marketing Officer

John Harris
Chief Financial Officer

Joydip Das
Chief Product Officer

Julia McNeill
Chief People Officer

Michael Blomfield
Chief Commercial Officer

Peter Ferguson
Chief Legal Officer & Company Secretary

Simon New
Chief Client Solutions Officer

Wellbeing & technology assume centre stage

During the unexpected events of 2020, Iress focused on two things: the health and wellbeing of its people and uninterrupted delivery to its clients and users.

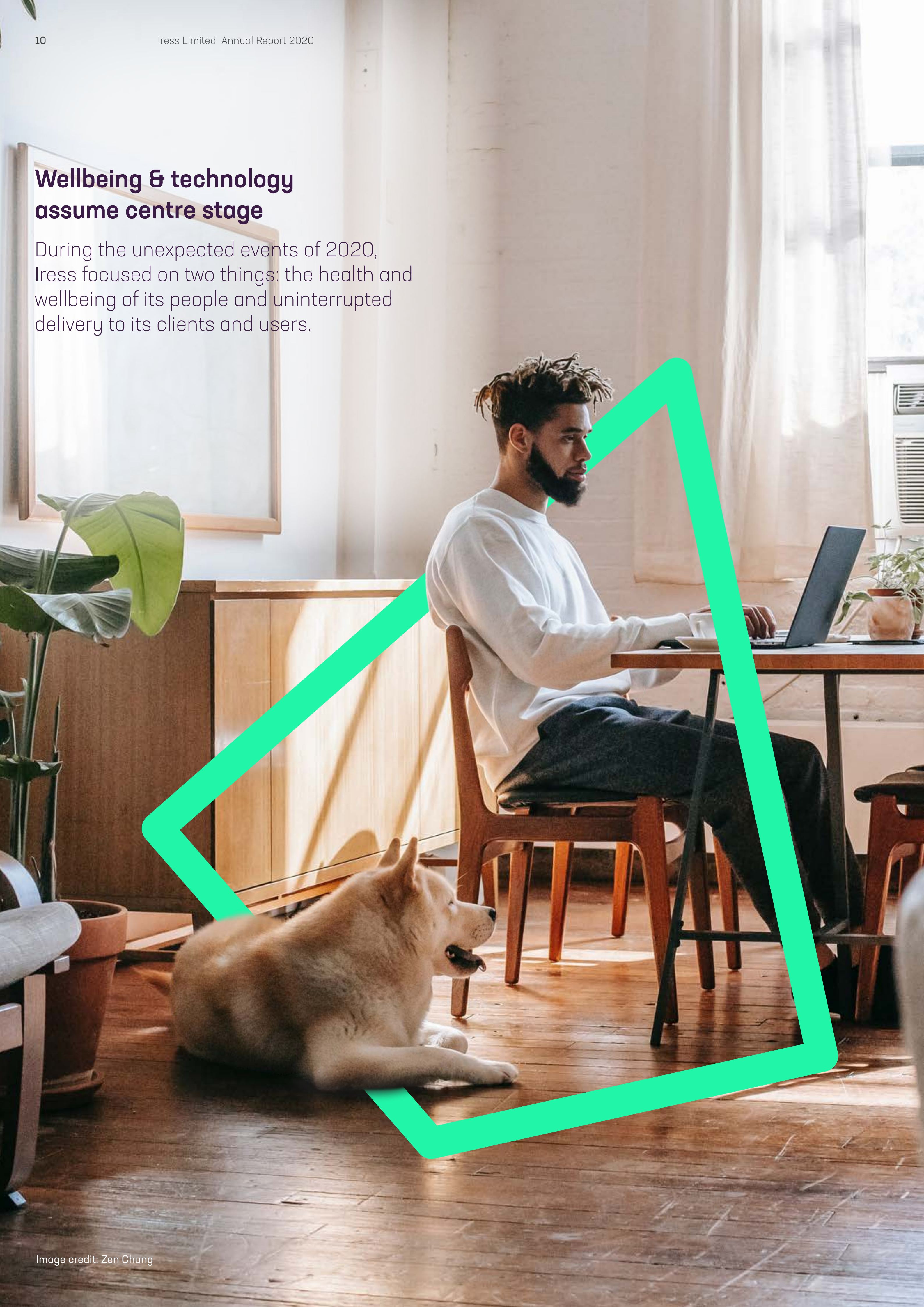


Image credit: Zen Chung

It was the year no-one was expecting. While governments grappled with economies and millions dealt with the fallout of lockdowns, employers transitioned swiftly to a new, digital way of working. At Iress, prior investments and current strategies meant the transition to working from home was smooth, and clients benefitted from our digital focus, cloud technology and expert service.

Supporting our people

With cloud-based technology well embedded into the workplace, our transition to remote work was seamless. Collaboration tools such as Slack and Zoom kept us agile and working effectively together.

Supporting our people has been at the forefront of how we've navigated this year. With a pragmatic yet supportive approach, we prioritised our people's health and wellbeing through:

- **Flexible leave arrangements:** Including the temporary addition of Emergency Childcare Leave to support parents during lockdown.
- **Employee Assistance Program:** Our free, confidential 24/7 counselling service for all people was expanded to include immediate family members.
- **Increased regularity of leadership sessions and all people webinars:** To keep our people informed and help those in leadership to support their people.
- **Resilience webinars:** Internal webinars featuring professionals with tangible tips to help people build their resilience.
- **Regular surveys:** We continue to survey people on how effectively they are working and their wellbeing.

The feedback from our people has been overwhelmingly positive at the support they have received during 2020 with a 90% favourability rating of how Iress has supported them during the pandemic.

Supporting our clients

Financial services businesses rely on Iress to stay connected and be productive. With financial services needing to adapt quickly in response to the pandemic, our technology was even more critical. How clients needed to respond to their clients, members and customers shifted overnight and the need for digital interaction was a must. Many of our clients have adopted financial technologies like digital signatures and client portals, and others have brought forward strategies to digitise and automate further. Client and user survey results show that remote access capabilities from Iress were a huge benefit during COVID-19, helping them to deliver better outcomes for their clients, and make their job easier.

We have not experienced any serious negative impact on operations or productivity as a result of the pandemic.

Looking to the future

Employees have been returning to offices in Asia Pacific in select locations in line with local guidelines, however, returning to the office remains a personal decision for each employee for the foreseeable future. We believe that during and beyond the pandemic there will continue to be a permanent shift in how people work. Rather than prescribe whether someone can or can't work from home, or how many days they must work in the office, we will move to a flexible system driven by the needs of each team. Each employee will ask themselves: "What do I need to achieve today", "Who do I need to achieve it with" and therefore "Where am I best to be".

Zoom meetings held

357,233

Slack messages sent

19m+

Slack activity

Average 99 minutes per person every day

Zoom webinars

1,069

"

Living alone during lockdown in 2020 my anxiety and loneliness steadily increased. Through the employee assistance program (EAP) offered by Iress, I was able to reach out for some much needed support. I was introduced to cognitive behavioural therapy, a short-term treatment which focuses on how thoughts, beliefs, and attitudes affect feelings and behaviours. In these sessions I learned techniques for coping with this undeniably stressful situation that we were all thrust into. In addition to EAP, Iress hosted a number of sessions to build resilience throughout the year. Mental wellbeing is often a hidden struggle, and can be uncomfortable to talk about. It was such a relief to be in a safe environment where it was ok not to be ok and to reach out for help.

Klee Barris
Iress – South Africa

Iress Foundation

Making a difference in tough times.

For most around the world, 2020 has been a year of challenges–making the work of the Iress Foundation more important than ever.

Social distancing has meant that our normal giving methods weren't always possible, however, that wasn't going to stop us. Our people still volunteered their time where they were able to, or found alternative ways to fundraise and support the causes close to their hearts.

Iress fundraising highlights

- **The Australian bushfire relief effort:** January saw devastating bushfires rage through parts of Australia. The Iress Foundation raised over $28,500 to help support those affected.
- **Tackling food poverty:** With the number of people facing food insecurity on the rise, this is a cause we continue to support. Due to the scaled-back hands-on help this year, we opted to donate to these charities in Australia and the UK.
- **Getting behind Talent Beyond Boundaries:** With their Middle East base in Beirut, Talent Beyond Boundaries was in the centre of a powerful explosion this year where over 200 people perished and around 5,000 were injured. A financial contribution of $15,000 was made to support Talent Beyond Boundaries and the important work they do, especially during times like these.
- **Helping at-risk youth reach their potential:** Before lockdown hit in March, a group of intrepid hikers from our Melbourne and Sydney offices took on the Whitelion Three Peaks Challenge climbing three Australian mountains, in three states, over 33 hours and raised $48,394. These funds will go towards helping at-risk youth to reach their potential.
- **Giving children a better start:** We've donated and fundraised for our education partner charities in South Africa who provide food and resources to help make learning more accessible for disadvantaged children.
- **A garden triathlon:** After the sad passing of a UK colleague to an incurable brain tumour, one of our data engineers Steve Mitchell took up the challenge of a lockdown-style triathlon to raise funds for the family. Steve's triathlon comprised of a 1500m swim in a child-sized 4m paddle pool, a 40km cycle using a 12-year-old's bike (on rollers) and a 10km run in a 6m garden. Supported by the Iress Foundation and generous colleagues, Steve raised £14,000.

"I just wanted to do something that would make things easier for Liam's family. I saw that someone had done a marathon in their garden during the lockdown, and it gave me the idea. Colleagues came together to help raise a staggering amount."

Steve Mitchell,
Iress – UK

"Projects that help childhood development are loved by the team here in South Africa. Helping make an impact that sets kids up for a better future makes me really proud."

Kelisha Panday,
Iress – South Africa

"We are driven by the continued resilience of our refugee candidates and the support of companies like Iress, which keep us inspired to push for a better tomorrow. We will always consider Iress part of the Talent Beyond Boundaries family, and we hope to continue changing lives together for many years to come."

Noura Ismail,
Middle East Director,
Talent Beyond Boundaries

iress foundation

1,646

donations contributed via Iress Giving Platform

$241,713

contributed by Iress Foundation

$132,160

contributed by Iress people

33

charities supported

Organisations the Iress Foundation was proud to support during 2020 are available on iress.com/iressfoundation2020.

Board of directors

Tony D'Aloisio AM, Chair of the Board

Independent Non-Executive Director since June 2012 and Chair since August 2014

Tony has 45 years' experience as a senior executive in government, corporate and legal roles, including Chair and independent Non-Executive Director of Perpetual, Chair and Commissioner for the Australian Securities and Investment Commission (ASIC), Chair of the International Joint Forum of the Basel Committee on Banking Supervision, managing director and Chief Executive Officer at the Australian Securities Exchange (ASX) and Chief Executive partner at Mallesons Stephen Jaques between 1992 and 2004, having first joined the firm in 1977.

Andrew Walsh

Managing Director and Chief Executive Officer since October 2009

After a career as an actuarial consultant, Andrew co-founded and spearheaded the development of market-leading financial planning software Xplan and joined Iress when it acquired Xplan Technology in 2003. Andrew became Iress' CEO in 2009 and has since led the growth of the group. Since Andrew became CEO, Iress has expanded organically and made several local and international acquisitions, with a focus on designing, developing and delivering software for the financial services industry in Asia Pacific, UK & Europe, Africa and North America.

Julie Fahey

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

Julie has over 30 years of experience in technology, including in major organisations such as Western Mining, Exxon, Roy Morgan, General Motors and SAP, covering consulting, software vendor and chief information officer roles. In addition to her industry experience, Julie spent 10 years at KPMG as a partner with the firm, during which time she held roles as national lead partner telecommunications, media and technology, and national managing partner – markets. Julie was also a member of the KPMG National Executive Committee. Julie is a Non-Executive Director of SEEK, Datacom Group, CenITex, Vocus Group, The Australian Red Cross Blood Service and non-profit disability services organisation Yooralla, and a member of the La Trobe University board.

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. Niki spent more than a decade in senior positions at Merrill Lynch International. She is currently Non-Executive Chair of listed entity Aquis Exchange Limited, which operates a pan-European stock exchange and technology business, and of privately owned XTX Markets, a quantitative-driven, electronic global market-maker. She is also a Non Executive Director of Kepler Cheuvreux UK Ltd, a French brokerage firm and of FMSB, Fixed Income, Currencies and Commodities Standards Board, a standard setting body for wholesale markets. She was previously on the board of MOEX, the Moscow Exchange and of Borsa Istanbul, the Turkish Exchange. She also spent 12 years on the Secondary Markets Advisory Committee to the European Securities Markets Authority and 6 years on the Regulatory Decisions Committee of the UK Financial Conduct Authority.

Geoff Tomlinson

Independent Non-Executive Director since February 2015

Geoff has more than 40 years' experience in financial services. His executive career encompassed 29 years with the National Mutual Group, including six years as group managing director and chief executive officer. He was a Non-Executive Director of National Australia Bank from March 2000 to December 2014, including Chair of its wealth management division MLC. Other companies he has been a director of include Amcor, Suncorp, Dyno Nobel, Programmed Management Services and Neverfail Springwater. Geoff is Chair of Growthpoint Properties Australia and a director of Wingate Group Holdings.

John Cameron

Independent Non-Executive Director since March 2010

John is one of the pioneers of electronic trading. He was a key member of the team that first automated the trading floor of the Australian Securities Exchange (ASX), one of the first in the world. He has designed and developed information systems for major financial institutions in the United Kingdom, France, the United States and Australia. In 1997 John created what was to become the world's leading FIX solution, CameronFIX. It was acquired by Orc Software in 2006 where John served as CTO until 2009. In 2007 John created the Cameron Foundation. John co-founded the global refugee initiative Talent Beyond Boundaries and now works for them pro bono and serves as Vice Chair of its board.

John Hayes

Independent Non-Executive Director since June 2011 and Chair of the Audit & Risk Committee since June 2011

John is a Fellow of CPA Australia with over 45 years' experience in financial services. His senior roles have included CFO of both ASX and Advance Bank Australia and Vice President Financial Services with BT Australia. John's previous directorships include ASX Perpetual Registry (now Link Market Services) and Orient Capital as well as executive director roles with the Australian Clearing House, ASTC (CHESS) and ASX Operations. He was also previously a member of the Advisory Council of Comcover, a federal government entity, for six years.

Trudy Vonhoff

Independent Non-Executive Director since February 2020

Trudy has over 20 years' experience in retail banking, financial markets and investment. She is currently a director of Credit Corp Group and Cuscal Limited. Previous directorships include AMP Bank, A2B (Cabcharge), Ruralco Holdings Limited, Tennis NSW and the Westpac Staff Superannuation Fund. 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. He is a director of the Global Advisory Council of Tobacco Free Portfolios and the Sydney Financial Forum. Since 1998 Michael has also been a director and subsequently Chair of Australia for UNHCR, the private sector partner of the UN Refugee Agency. He is a life member of ASFA (Australia's superannuation industry association) and the Fund Executives Association. After serving as a director, on 31 August 2020 Michael was appointed as the Chair of TCorp (New South Wales Treasury Corporation). On 22 October 2020 Michael was appointed as a director of Bennelong Funds Management.

Company Secretary

Peter Ferguson

Peter joined Iress in 2011 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 the Iress Foundation. 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 are outlined below, together with mitigating actions undertaken to minimise these risks:

Risk	Nature of risk	Mitigation
Information security breach and failure of critical systems	Due to the nature of Iress' business, Iress could be impacted significantly by the failure of critical systems, whether caused by error or malicious attack.	Iress has increased its investment in information security in recent years in response to several factors including the increased sophistication of cyber terrorists, the increased reliance on our solutions by our customers and increased regulatory pressure from government agencies. We have a dedicated information security function across jurisdictions, Board oversight through the Audit & Risk Committee and executive oversight via the Executive Risk Committee and Chief Information Security Officer. Iress' controls, audit and governance provide a framework for actively identifying gaps, new exposures and the development of appropriate treatment plans and include: • Network and malware scanning and data loss prevention systems. • Mandatory information security awareness training across the business. • Comprehensive disaster recovery procedures. • Focus on redundancy for internal and critical systems. Iress' Global Information Security Management System (ISMS) is certified by independent audit to meet the global ISO 27001 standard.
Economic climate	Economic conditions, domestically and internationally, can impact client expenditure and accordingly, client demand for Iress' systems.	This risk is mitigated by Iress' diverse geographic presence and diverse product portfolio. The impact of COVID-19 is mitigated by the recurring revenue base and cash generative nature of the Group.
Foreign exchange	Iress is exposed to foreign exchange movements, which may affect the value of profits repatriated to Australia.	Iress mitigates the foreign exchange risk associated with investments in international operations by funding these investments in the local currency. Foreign currency transaction risks are hedged where appropriate. Iress does not hedge translation risk on foreign currency earnings. However, Iress reports the financial performance of its offshore operations in local currency and AUD in order to enable investors to better understand the performance of the underlying business and the exposure to different currencies inherent in Iress' international operations.
Regulation	Regulation can impact Iress and its clients because regulation increases the cost of doing business. Regulation may have the effect of structural changes, including consolidation or fragmentation, both of which can negatively impact Iress' client engagements.	Iress' risk management strategy includes the close monitoring of regulatory developments globally. Iress is pro-actively engaged in the development of new and existing relationships with relevant regulatory stakeholders, policy makers, and media groups to monitor the regulatory landscape. This strategy is focused on limiting potential impacts of regulatory development so that Iress may continue to service its global markets and efficiently respond to compliance requests.
Industry or technology risk	The risk that a pronounced shift in technology or a pronounced change in the way market segments organise themselves and make use of Iress' technology.	Iress endeavours to manage this risk by maintaining a highly skilled and educated technology organisation and by exploring the potential utilisation or impact of emerging technologies. In the same way, Iress endeavours to manage market change by maintaining a high degree of engagement with its customers. In that regard 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.
Reputation risk	Iress provides solutions to the financial services industry. The financial services industry is subject to significant public focus, media attention and government review. The use of technology within financial services businesses, and especially its role in processing and storing sensitive personal information, can expose both the financial services provider and providers of technology such as Iress, to reputational risk where there is a failure in a critical system or process or the release by error or mischief of personal data.	Mitigation of technology risk lies at the heart of Iress' information security function (refer to comments above under Information Security) and software development practices. The latter includes rigour in architecture, code development and testing. Iress does not outsource development of core technology, maintaining direct oversight and control.

Impact of COVID-19 on Iress

Subsequent to 31 December 2019, there was a global outbreak of a novel strain of coronavirus (COVID-19), and on 11 March 2020, the World Health Organisation declared the coronavirus outbreak a pandemic. The global and domestic responses, including mandates from federal, state, and/or local authorities, to mitigate the spread of the virus continues to evolve rapidly and has impacted global commercial activity and contributed to significant volatility in financial markets.

Iress' key focus during this time has been the health and wellbeing of its people, and ensuring that they have been able to work safely and effectively on a remote basis, as well as providing service continuity for clients and users. While some people and teams in certain locations have started returning to the office as government restrictions have lifted, the majority of Iress' people continue to work from home. For those offices that have reopened, Iress' focus has been on ensuring that workplaces are safe.

Operations have not been interrupted by COVID-19 and Iress continues to deliver all services and support to clients and users. Iress' teams, including business-critical teams, have been working well remotely and the business can continue to operate effectively in this manner for an extended period of time if required. Regular updates regarding business continuity are published on Iress' website.

Iress operates a subscription model and most of Iress' revenue is recurring in nature. Iress has a history of strong cash conversion and low debtor defaults. These features of Iress' commercial model have continued throughout the COVID-19 pandemic.

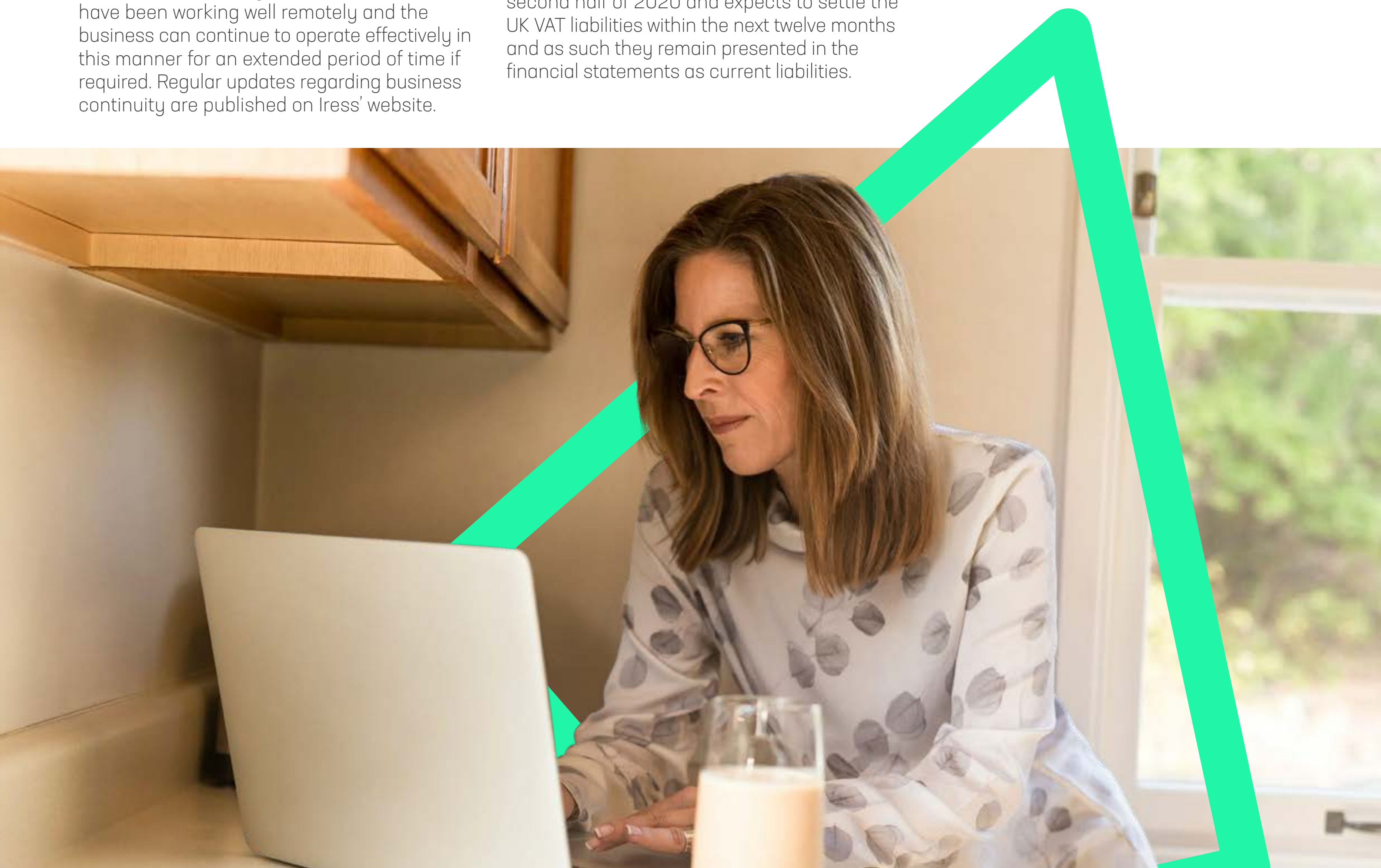
The majority of client implementation projects have continued since the onset of the COVID-19 pandemic, notwithstanding a short period of adjustment to the new environment. However, some projects, particularly in the UK Mortgages business were temporarily delayed.

In addition, Iress is exposed to the broader economic uncertainty evident in all of Iress' markets as a result of COVID-19. This makes it difficult to forecast short-term financial performance.

At the date of this report, due to the resilience of Iress' business, Iress has not been eligible for, nor applied for, significant government COVID-19 related support other than the deferral of certain VAT and payroll tax payments that were offered to all companies in the UK and NSW respectively. Iress settled the deferred payroll tax payments during the second half of 2020 and expects to settle the UK VAT liabilities within the next twelve months and as such they remain presented in the financial statements as current liabilities.

Key risk areas identified by Management and the Board where COVID-19 may impact financial reporting for the Group are:

- The impact of COVID-19 on Iress' clients and, as a result, on Iress' revenue,
- The carrying value of non-financial assets (primarily goodwill) and the forward looking assumptions made about future performance in the models used to test for impairment,
- The assumptions utilised in determining the level of the Group's credit loss provisioning including expectations of future credit losses from client default, and
- The assumptions around future performance used to determine the fair value of contingent consideration relating to the QuantHouse and BC Gateways acquisitions that are recorded as provisions on Iress' balance sheet as at 31 December 2020.



Operating & Financial Review

For the year ended 31 December 2020

Operating & Financial Review

		2019 $m	2020 $m	2020 vs 2019
Operating revenue	Reported	508.9	542.6	7%
	Constant Currency Basis	508.9	546.0	7%
Segment Profit	Reported	152.1	152.9	1%
	Constant Currency Basis	152.1	155.4	2%
Segment Profit after share-based payments		134.4	131.9	(2%)
EBITDA		133.9	125.5	(6%)
Reported NPAT		**65.1**	**59.1**	**(9%)**

	2019 Cents per share	2020 Cents per share	2020 vs 2019
Earnings & dividends per share			
Basic earnings per share	37.9	32.3	(15%)
Dividends per share	46.0	46.0	0%

Constant currency basis assumes the 2020 financial results are converted at the same average foreign exchange rates used to convert the 2019 financial results.

	Operating Revenue			Direct Contribution		
	2019 $m	2020 $m	2020 vs 2019	2019 $m	2020 $m	2020 vs 2019
APAC	264.5	289.8	10%	191.1	204.0	7%
UK & Europe	142.7	154.6	8%	91.9	94.4	3%
Mortgages	29.0	26.9	(7%)	19.2	18.1	(5%)
South Africa	48.3	42.9	(11%)	37.5	33.9	(10%)
North America	24.5	28.4	16%	10.4	11.0	6%
Client Contribution	**508.9**	**542.6**	**7%**	**350.1**	**361.4**	**3%**
Product and Technology				(118.6)	(128.4)	8%
Operations				(42.7)	(42.6)	0%
Corporate				(36.7)	(37.4)	2%
Segment Profit				**152.1**	**152.9**	**1%**

Acquisition of OneVue

On 6 November 2020, Iress acquired OneVue for $115m. OneVue is Australia's largest third-party fund registry as well as providing online investment solutions and third-party superannuation administration services. The combination of Iress' technology footprint and OneVue's market leading managed fund administration business provides a unique opportunity to deliver seamless, automated and efficient end-to-end investment infrastructure in Australia.

Due to the timing of transaction completion, OneVue did not make a material contribution to the 2020 financial result.

Operating Revenue

On a reported basis, revenue from ordinary activities grew 7% from $508.9m in 2019 to $542.6m in 2020. The increase in revenue was primarily driven by strong growth in Australia, the full year impact from acquiring QuantHouse in 2019 and contributions from the recent acquisitions of OneVue and O&M. On a constant currency basis, revenue grew 7% for the same period.

Segment Profit[1]

On a reported basis, Segment Profit increased 1% from $152.1m in 2019 to $152.9m in 2020. On a constant currency basis Segment Profit grew 2% for the same period. The result was driven by growth in operating revenue partly offset by recent acquisitions which currently operate at a lower margin than the rest of the group or are loss making; and cost investments to capitalise on emerging revenue opportunities or to improve the way Iress designs, engineers and deploys software. In constant currency, excluding the impact of acquisitions and staff transfers, Operations and Corporate costs decreased 1% from 2019 to 2020 with all organic cost growth focussed on the Product and Technology teams.

APAC

On a reported basis, APAC revenue grew 10% from $264.5m in 2019 to $289.8m in 2020 which reflects strong growth in Financial Advice and Superannuation, continued growth in Asia, and ongoing resilience in Trading and Market Data. The result also benefited from the full year impact from QuantHouse (acquired in May 2019) and contribution from the recently acquired OneVue business.

Across the APAC region, Trading & Market Data revenue grew 5% reflecting the full year contribution from QuantHouse, project fees from the implementation of a Private Wealth solution for a leading Australian institution and organic growth of 15% in Asia, reflecting the full year revenue impact of successful client implementations in 2019 and new sales momentum in 2020.

Financial Advice revenue grew 7% from 2019 to 2020 reflecting ongoing demand for Iress' financial advice software (Xplan) as advisers continued to focus on risk, data and compliance following the Royal Commission into financial services in Australia. As expected, financial advice revenue declined in the second half of 2020 versus the first half of 2020 due to the timing impact of advisers migrating from large institutions to independent advice firms.

Superannuation revenue grew 12% from 2019 to 2020, reflecting heightened client project activity and fees, particularly from the deployment of automated super administration solutions to two large clients.

Excluding acquisitions and staff transfers, direct contribution was up 5% in 2020 reflecting revenue growth and a 9% increase in costs as the business invests in super administration.

UK & Europe

On a reported basis, revenue grew 8% from $142.7m in 2019 to $154.6m in 2020 (local currency revenue also increased 8%) which reflects the contribution from the recently acquired businesses of QuantHouse and O&M. Excluding these acquisitions, revenue was down 2% in 2020 reflecting the impact of COVID-19 on the timing of key client projects and new business tendering activity. Revenue growth in local currency, returned in the second half with revenue up 2% versus the first half of 2020.

On a reported basis, direct contribution grew 3% from $91.9m in 2019 to $94.4m in 2020. In local currency, direct contribution increased by 2%. The 2020 contribution margin was lower than 2019 in part due to recent acquisitions operating at lower margins. Excluding acquisitions, the contribution margin improved in the second half from 65% to 69% as a result of organic revenue growth returning.

During 2020, the UK business achieved a number of important client project milestones including:

- Private Wealth deployment to a large financial adviser completed
- Successful proof of concept delivered and a subsequent large enterprise wealth deployment under way.
- Successful Xplan implementation project milestones at three large enterprise wealth management clients.
- First market making client commenced billing and two further clients signed for implementation in 2021.

Mortgages

On a reported basis, revenue decreased 7% from $29.0m in 2019 to $26.9m in 2020. In local currency, revenue was also down 7% over the same period. At the end of 2019, the Mortgages business ceased support of the original version of the Mortgage Sales and Originations ("MSO") software product. 2020 revenue in local currency from MSO Version 2 increased 3% from 2019.

A number of key client projects were delayed or paused in the first half of 2020 due to the onset of COVID-19. However, these projects recommenced in the second half resulting in revenue increasing 35% in local currency compared to the first half of 2020.

The Mortgages business continues to grow recurring subscription licence revenue which contributed approximately 46% of total revenue in 2020, up from 31% in 2019 as a result of two clients going live in the second half of the year. All non recurring revenue relates to the implementation of MSO and will drive recurring revenue growth at the conclusion of the implementation project.

In May 2020, Iress announced the withdrawal from the Australian mortgage market following a strategic review. The impact of this closure on the 2020 financial results was minimal.

In local currency, direct contribution decreased 5% from 2019 to 2020 reflecting revenue decline, partially offset by cost control. The contribution margin increased by 2% in 2020 compared to 2019.

South Africa

Political and economic uncertainty was heightened in 2020, exacerbated by the onset of COVID-19. In local currency, revenue in 2020 remained in line with 2019. However, as a result of the depreciation of the South African Rand relative to the Australian Dollar revenue decreased 11% on a reported currency basis from $48.3m in 2019 to $42.9m in 2020.

A broad private wealth solution was successfully delivered in 2020 to a Tier 1 financial services institution. Interest in Iress' retail trading product continues following the roll out of Viewpoint to South Africa's largest online share trading broker.

In local currency, direct contribution increased 2% from 2019 to 2020, resulting in a 1% improvement in contribution margin.

(1) Iress uses Segment Profit as a measure of underlying earnings to aid inter-period comparability of results.

Operating & Financial Review cont.

For the year ended 31 December 2020

North America

On a reported basis, revenue increased 16% (17% in local currency) from $24.5m in 2019 to $28.4m in 2020 reflecting the full year contribution from QuantHouse and strong client retention.

In local currency, direct contribution increased 7% from 2019 to 2020 which reflects the full year impact of the QuantHouse acquisition and ongoing cost discipline, offset by the transfer of people from other segments.

Product and Technology

Investment in product and technology is at the heart of Iress' success and market position, supporting client retention and future recurring revenue growth. Product and Technology cost is primarily made up of people costs and reflects Iress' ongoing investment in existing and new technology.

On a reported basis, costs increased 8% from $118.6m in 2019 to $128.4m in 2020. Cost increases in 2020 reflect recent acquisition as well as investments in people and capability to pursue emerging revenue opportunities and continue to improve the way Iress designs, engineers and deploys software. In constant currency, excluding acquisitions and staff transfers, Product and Technology costs increased by 4% compared to 2019.

Operations

On a reported basis, Operations costs of $42.6m were in line with 2019. Operations costs include core business infrastructure and people, such as internal and external communications technology, information security, operating hardware and software, and client help desk. In constant currency, excluding acquisitions and staff transfers, Operations costs decreased by 3% in 2020 reflecting increasing scale and operating leverage.

Corporate

On a reported basis, costs increased 2% from $36.7m in 2019 to $37.4m in 2020. Corporate costs include Iress' central business functions including human resources, finance, communications & marketing, legal and other general corporate costs. In constant currency, excluding the impact of acquisitions and staff transfers, Corporate costs increased 1%.

Net Profit after Tax (NPAT)

	2019 $m	2020 $m	2020 vs 2019
Segment Profit	**152.1**	**152.9**	**1%**
Share-based payment expense	(17.7)	(21.0)	(19%)
Segment Profit after share-based payments	**134.4**	**131.9**	**(2%)**
Other non-operating expenses	(0.5)	(6.4)	large
Profit before depreciation and amortisation, interest and income tax expense	**133.9**	**125.5**	**(6%)**
Depreciation and amortisation expense	(37.2)	(39.4)	(6%)
Profit before interest and income tax expense	**96.6**	**86.2**	**(11%)**
Net interest and financing costs	(8.2)	(8.0)	2%
Income tax expense	(23.3)	(19.1)	18%
Net profit after income tax expense	**65.1**	**59.1**	**(9%)**

Net Profit After Tax (NPAT)

Iress' reported NPAT decreased 9% from $65.1m in 2019 to $59.1m in 2020 which reflects increases in share-based payments, other non-operating expenses and depreciation and amortisation.

Share-based payments increased 19% from $17.7m in 2019 to $21.0m in 2020 as a result of the previously announced changes in both executive and non-executive remuneration structures. These changes brought forward accounting expense recognition for non-executive equity remuneration and, for executives, resulted in cash bonuses being replaced by equity remuneration. These changes in remuneration structures are described in the Remuneration Reports included in the 2017, 2018 and 2019 Annual Reports.

Other non-operating expenses are one-off costs primarily in relation to:

- Costs associated with the acquisitions of BC Gateways, O&M and OneVue (largely external adviser costs),
- Integration costs in relation to the acquisition of QuantHouse,
- The migration of some server infrastructure to Amazon Web Services,
- Uplift of certain corporate core infrastructure including information security and restructuring activities, and
- Revaluation of deferred contingent consideration ("earn-outs") associated with the acquisition of QuantHouse in 2019 and BC Gateways in 2020. This is discussed in more detail in Note 2.6 in the 2020 Financial Statements.

Depreciation and Amortisation increased from $37.2m in 2019 to $39.4m in 2020 as a result of assets added to the balance sheet by recent acquisitions and office refurbishments in the UK, Singapore and South Africa.

The Group's effective tax rate of approximately 24% (2019: 26%) is a function of the tax rates in the jurisdictions in which the business operates and the taxable earnings within those jurisdictions.

Dividends

Iress' dividend policy is to maintain a payout ratio of not less than 80% of underlying earnings[(2)] on an annualised basis, subject to accounting limitations. Dividends continue to be franked to the greatest extent possible, while reflecting the geographical context of the business and timing of tax payments.

In respect of 2020 earnings, the Directors determined to pay a final dividend of 30.0 cents per share franked to 40% at a 30% corporate tax rate bringing the full year 2020 dividend to 46.0 cents per share, franked to 38% at a 30% corporate tax rate.

Statement of Financial Position

Net debt (measured as borrowings excluding capitalised borrowing costs, net of derivatives, and less cash and cash equivalents) decreased by $69.8m mainly due to the successful $175m equity raise in June 2020 offset by the $115.2m cash consideration paid to acquire OneVue in November 2020. As a result, the leverage ratio (defined in these financial statements as the ratio of net debt over the last twelve months Segment Profit) decreased to 0.82x at the end of the period. Iress continues to maintain a conservative level of gearing and to actively manage cash holdings to reduce interest costs.

Current liabilities increased by $16.6m during the period to 31 December 2020. This was primarily due to the impact of the OneVue acquisition with $14.2m of payables and other liabilities being consolidated from the OneVue Group at 31 December 2020.

Lease liabilities (both current and non-current) increased in total by $27.0m primarily due to the commencement of new office leases in the UK and the impact of the acquisitions of OneVue and O&M Systems during the year. As a result of these changes right-of-use assets increased by $23.4m.

Intangible assets increased by $114.4m primarily due to the acquisitions of BC Gateways, O&M Systems and OneVue during 2020. Refer to notes 2.1 and 4.2 to the Financial Statements for more details.

Issued capital increased by $175.3m was primarily due to the equity issued as part of the Share Placement and Share Purchase Plans launched in June 2020. See note 3.2 to the Financial Statements for more details.

(2) Segment Profit less operating depreciation and tax at 30%.

Directors' Report

For the year ended 31 December 2020

The Directors of Iress Limited and its subsidiaries ("the Group") submit the annual financial report for the year ended 31 December 2020.

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 2020, and the number of meetings attended by each Director.

	Board Meetings		Audit & Risk		People & Performance	
Director	**Eligible**	**Attended**	**Eligible**	**Attended**	**Eligible**	**Attended**
A D'Aloisio	17	17	1	1	*	*
N Beattie	17	17	*	*	8	8
J Cameron	17	16	*	*	8	8
M Dwyer	17	17	3	3	6	6
J Fahey	17	17	4	4	8	8
J Hayes	17	17	4	4	*	*
J Seabrook[1]	6	6	2	2	4	4
G Tomlinson	17	15	4	4	*	*
T Vonhoff	17	17	3	3	6	6
A Walsh	17	17	*	*	*	*

* Not a member of this committee.

(1) Independent Non-Executive Director since August 2008, fourth and final term as a Director ended at the AGM in May 2020.

Events subsequent to the Statement of Financial Position date

On 17 February 2021, the Directors declared a final dividend of 30.0 cents per share franked to 40% totalling $58.0 million.

Other than the events above, there has been no other matter or 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 7 January 2020, Iress acquired 100% of the share capital of BC Gateways and on 17 March 2020 Iress acquired 100% of the share capital of O&M Systems (O&M).

On 29 April 2020, Iress refinanced its unsecured bank facilities totalling $300m that were due to expire in November 2021. The amount of the unsecured bank facilities was increased to $405m and the expiry date extended to April 2024. The covenant requirements remained unchanged.

On 1 June 2020, Iress announced the proposed issue of 14,395,394 ordinary fully paid shares through an equity placement and 1,919,386 ordinary fully paid shares under a Share Purchase Plan for total gross proceeds of $170m. The issuance of the shares under the equity placement was completed on 4 June 2020 and total proceeds, before fees, of $150m were received. The Share Purchase Plan closed on 29 June 2020 and was oversubscribed. The issue was increased by 479,844 shares and 2,399,230 shares were issued on 8 July 2020 for total proceeds of $25m.

On 6 November 2020 Iress acquired 100% of the outstanding shares of OneVue (OneVue) via a Scheme Implementation Agreement with OneVue Holdings (OVH.ASX).

For details on the BC Gateways, O&M and OneVue acquisitions refer to Note 4.2 to the Consolidated Financial Statements.

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 and 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; and
- 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*, is set out on page 45.

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/

Directors' Report cont.

For the year ended 31 December 2020

REMUNERATION REPORT

This remuneration report provides details of Iress' remuneration policy and practice for Key Management Personnel (KMP) for the 2020 financial year. 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.

There were two key Leadership team changes in 2020: a change in the Chief Product Officer and the introduction of a new Chief Commercial Officer role. Effective 1 September 2020, a review of the Leadership team structure was conducted and the Chief Commercial Officer role was introduced to consolidate responsibility for clients and revenue across Iress. As a result of the strategic and operational decision making undertaken by the Leadership team, the list of KMP has been updated.

For the year ended 31 December 2020, the KMP were:

KMP	Position	Term as KMP
Non-executive Directors (NED)		
A D'Aloisio	Non-executive Chairman	Full year
N Beattie	Non-executive Director	Full year
J Cameron	Non-executive Director	Full year
M Dwyer[a]	Non-executive Director	Partial year
J Fahey	Non-executive Director	Full year
J Hayes	Non-executive Director	Full year
J Seabrook[b]	Non-executive Director	Partial year
G Tomlinson	Non-executive Director	Full year
T Vonhoff[a]	Non-executive Director	Partial year
Executive Director		
A Walsh	Managing Director and Chief Executive Officer (CEO)	Full year
Executive		
M Blomfield[c]	Chief Commercial Officer	Partial year
J Das[d]	Chief Product Officer	Partial year
P Ferguson	Chief Legal Officer	Full year
J Harris	Chief Financial Officer	Full year
A Knowles[d]	Chief Product Officer	Partial year
C Lill[e]	Chief Communications & Marketing Officer	Partial year
J McNeill	Chief People Officer	Full year
S New	Chief Client Solutions Officer	Full year
A Todd	Chief Technology Officer	Full year

(a) M Dwyer and T Vonhoff were appointed to the Board as NED on 1 February 2020.
(b) J Seabrook ceased to be a NED on 7 May 2020.
(c) M Blomfield was appointed to the newly created role of Chief Commercial Officer on 19 October 2020.
(d) J Das was appointed to the role of Chief Product Officer on 15 September 2020. The previous incumbent in this role (A Knowles) changed his role effective 31 August 2020 and ceased to be KMP.
(e) C Lill became KMP upon changes to the Leadership Team structure on 1 September 2020.

Contents

SECTION 1 OVERVIEW OF REMUNERATION

1.1 Executive summary

Iress' executive remuneration framework applies to executive members of the KMP (Executive KMP) and selected other executives. Under the framework, equity is awarded up-front as a set percentage of remuneration (subject to Board discretion), with service and performance measured over three to five years from grant as per the below diagram:

	Our goal			
	To be the essential partner for forward-thinking financial services businesses			
	Our goal is supported by our remuneration principles and performance framework			
Remuneration principles	Attract, motivate and retain talent	Reward for value creation	Simple and transparent	Aligned with shareholder interests
Annual performance measurement	**Robust performance management incorporating the what and the how**			
Remuneration components	**Base salary**	**Equity rights**	**Performance rights**	**Minimum shareholding requirement**
	Market-based reward for role	Equity to reward shareholder returns and retain talent	Equity to reward substantial shareholder returns	A material minimum shareholding requirement to be met within 5 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 4-year aggregate ER holding period, executives will be directly exposed to the same share price movements as shareholders	ATSR over a 3-year period, relative to a pre-determined benchmark, will determine vesting for PR awards granted from 2019	Over time, executives will see a direct increase or decrease in their wealth in the same way that shareholders do

This framework was introduced in 2019 when the Board made a number of changes to Iress' executive remuneration framework which included removal of cash short-term incentives, increasing the proportion of remuneration delivered through equity and replacing the Relative Total Shareholder Return (RTSR) performance hurdle with an Absolute Total Shareholder Return (ATSR) hurdle. These changes were made to enhance the alignment of executives and shareholders. The framework is accompanied by additional safeguards enabling the Board to reduce the grant value of equity and clawback unvested/restricted equity in the event of significant underperformance or misconduct. In the Board's view, notwithstanding the impact of COVID-19, these changes are working as intended with a greater focus on medium to long-term performance from executives, both at an individual and group level.

Directors' Report cont.

For the year ended 31 December 2020

Impact of COVID-19

In light of the COVID-19 pandemic, Iress' clients across the world, who rely on Iress to stay connected and productive, have had to rapidly adapt to a digital interaction model. Iress responded quickly and effectively to this by prioritising service continuity and providing practical technology related support to help clients stay connected with their people and business. Iress continues to deliver all services and support to clients and users.

Iress' financial performance in 2020 was impacted by the pandemic. While most of Iress' revenue is recurring in nature, some client projects, particularly in the UK mortgages business, were temporarily delayed in the context of economic uncertainty.

Iress' 2020 revenue of $543m was 7% higher than in 2019, but fell short of the internal target set for 2020 as a result of the more challenging macro environment. Management responded to lower than expected revenue through rigorous cost control which delivered a Segment Profit outcome, excluding the impact of currency fluctuations, of $155m, 2% higher than in 2019. Pro forma Segment Profit[1], a measure of performance that removes the impact of currency fluctuations and the timing of acquisitions, grew 5% compared to 2019.

The Board and Management made a considered decision to focus on sustainable business outcomes. Iress takes a medium to long term view when assessing strategic investment decisions and, in this context, the Board and Management maintained a number of important investment initiatives that formed part of the 2020 cost base. No employees were stood down or asked to reduce their hours or pay and no roles were made redundant as a direct impact of COVID-19. Iress' key focus during this time has been the health and wellbeing of its people, and ensuring that they have been able to work safely and effectively on a remote basis, as well as providing service continuity for clients and users.

In addition, Iress completed the acquisition of OneVue in November 2020. This strategic acquisition opened a material new growth opportunity for Iress, allowing Iress to participate in a revenue pool of more than $3 billion. With OneVue, Iress is able to offer clients an open, seamless and highly efficient investment infrastructure that does not currently exist in Australia.

As a result of these decisions, the 2020 Segment Profit result is less than it would have been if only short term financial outcomes had been the focus. The Board and Management believe that this approach was, and is, in the best medium to long term interests of shareholders. The Board views the Segment Profit result to be a steady outcome in the context of the volatile macroeconomic environment and the impact it has had on top-line growth.

Iress did not access direct government support in any jurisdiction in relation to COVID-19. As mentioned above, measures were taken to support the health and wellbeing of our people. Iress' entire workforce worked remotely from home for many months of the year, even ahead of government advice in each jurisdiction. Additional leave, at full pay was also provided to all employees with dependents at school age and below and additional annual leave could be purchased or sold to support individual circumstances.

While some people and teams in certain locations have started returning to the office as government restrictions have lifted, the majority of Iress' people continue to work from home. For those offices that have reopened, Iress' focus has been on ensuring that workplaces are safe.

The Board and Management are extremely proud of the resilience shown by our people and the successful adaptation to significant change in their daily working lives. While the pandemic brought significant uncertainty and disruption, Iress was in a strong position to respond given its adoption of collaborative tools and ways of working in line with Iress' strategic objectives over previous years.

Remuneration outcomes

As further detailed in Section 1.2 and 3.2, the Board assessed individual and group performance in 2020 and Iress' progress towards the Company's longer-term strategic goals. The Board's view is that the executive remuneration framework continues to provide strong alignment between performance and remuneration, which is clearly demonstrated in this year's difficult market circumstances. Under Iress' executive remuneration framework, performance is measured over the equity holding period and impacts the amount and value of equity that vests. Iress does not have a short-term incentive under which annual performance determines the value of cash/equity incentive awarded.

In line with delivering shareholder value, the key performance metric impacting the value of equity vested is Total Shareholder Return. In 2020, executives saw a reduction in the value of their equity, which forms a significant portion of their total remuneration, due to the reduced likelihood of Performance Rights (PR) vesting, and declined value of current equity holdings (see Section 3.5). This decline in the value of exposure to Iress equity, and thus the personal wealth of individual executives, is directly aligned with shareholder experience. The Board reviewed the impact of the share price movements on executives and determined that the framework was working as intended.

(1) For a reconciliation of pro forma to reported results refer to the table in Section 3.2 of this report.

Under Iress' executive remuneration framework, the Board also has discretion to consider other measures of performance. The Board reviewed Iress' 2020 performance against the agreed non-financial performance measures (see Section 3.2), which for 2020 were at target in most areas, above target for Company/People-Quality and below target for Client-Growth. Progress towards medium term strategic goals was on target in all areas, including Growth, due to acquisitions such as OneVue. After due consideration, the Board concluded that the below target performance in Client-Growth in the short term did not materially impact overall performance, which remains on track over the medium-term. With additional consideration to the sustainable approach with which Management responded to COVID-19 and the degree to which executives had already been impacted by share price movements, the Board viewed that applying discretion to further alter outcomes was not warranted or appropriate.

Accordingly in 2020, no equity granted in prior years lapsed or was clawed back, a portion of the 2016 CEO PR and 2017 Executive PR awards vested (see Section 1.2) and the Board intends to grant equity for 2021 in line with the target remuneration mix (see Section 2.2).

1.2 Performance and remuneration outcomes

The Board assessed the Group's performance in 2020 against the financial and non-financial objectives it established at the beginning of the year and viewed that collectively Iress' performance was tracking to achieve its strategic outcomes (see Section 3.2) in the medium to long term.

Although financial and growth performance in 2020 was below target, the Board is of the opinion that the executives performed exceptionally well in limiting the impact of COVID-19 on financial performance, whilst supporting both Iress' clients and people, and continuing to invest in future growth opportunities. In addition, the executives made substantial progress towards the Group's medium term growth objectives in 2020 with the acquisitions of BC Gateways, O&M Systems, and OneVue.

The remuneration framework, together with the Board's assessment of company and individual performance has translated into the following remuneration outcomes for Executive KMP (see Section 3.3 and 3.4 for more details):

Base salary

No increases in base salary were given to Executive KMP in 2020. Base salary paid to Executive KMP in 2020 was $4,446,090 (2019: $4,187,740). This represents an increase of 6.2% which is due to the part-year inclusion of the Chief Commercial Officer and Chief Communications & Marketing Officer in KMP and the full-year impact of the base salary increases awarded to Executive KMP during 2019. The 2019 increases aligned salaries with the market and recognised the change in scope and complexity of the roles since previous adjustments.

Equity granted

Following its 2019 assessment of performance at a Group level and performance and conduct at an individual level, the Board determined it was fair and appropriate that the 2020 equity grants proceed in line with the target remuneration mix disclosed in Section 2.2 (i.e. discretion was not applied to adjust grant values). Executive KMP were awarded Equity Rights (ER) of $2,675,066 and PR of $2,735,065 in total in February 2020. Total Remuneration awarded in 2020 was $9,856,221, which was comparable to the prior year (2019: $9,860,835).

As above, following its assessment of 2020 performance, the Board intends to grant the equity for 2021 in line with the target remuneration mix shown in Section 2.2.

Equity vested

The previous remuneration framework included deferred equity and PR (see Section 5.4 for more detail). Some equity granted under the previous remuneration framework vested in May 2020. The performance metric for PR granted before 2019 was on a RTSR basis. The Board was satisfied that there were no other performance or conduct factors which would justify a clawback of equity scheduled to vest in May 2020. Hence, vesting was approved to proceed as follows:

- Based on RTSR performance, the CEO 4-year and 3-year PR granted in 2016 vested at 82.0% and 64.0% respectively and the Executive 3-year PR granted in 2017 vested at 63.4%. The performance period for these awards was prior to the impact of COVID-19.
- The value of equity vested in 2020 (deferred equity and PR totalled $2,536,412) was lower than the value that vested in 2019 ($3,473,720). This is primarily due to lower RTSR results (and thus a lower proportion of PR vesting) and a lower share price at vesting compared to 2019.

Directors' Report cont.

For the year ended 31 December 2020

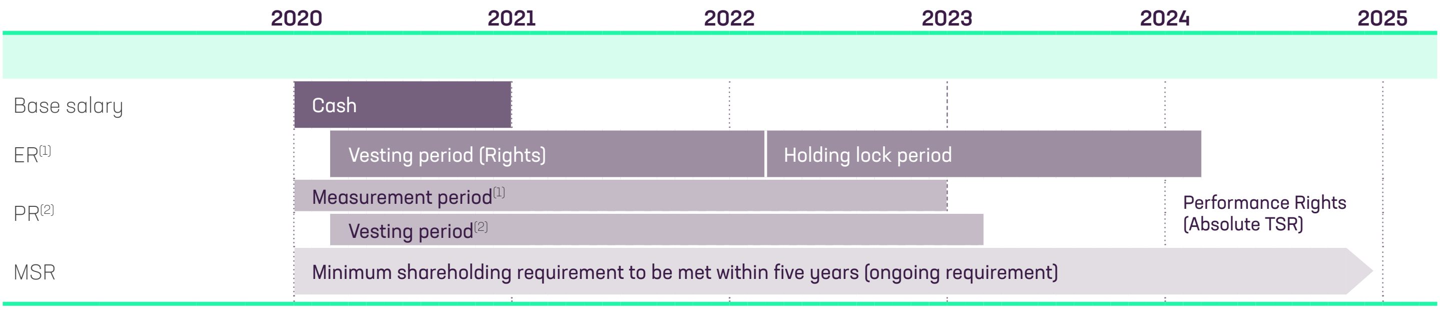
SECTION 2 REMUNERATION FRAMEWORK

2.1 Our remuneration structure, effective 1 January 2019

Component	Description
Base salary	• A market-related reward for performing a leadership role at Iress.
Equity rights (ER)	• An up-front grant of Rights[1] to facilitate immediate, collective alignment of executives with shareholders. • Vesting after two years is subject to continued service. A further two-year restriction period applies[2], supporting retention and sustainable value creation over a total of four years. • Performance is reflected in share price movements and dividends earned which collectively impact the value of ER. Executives will share in the same price movements and dividends[3] as shareholders over the entire vesting and holding period. • If employment ceases due to resignation, termination for cause or gross misconduct, unvested equity lapses. If employment ceases for other reasons, ER will continue to be held subject to original terms (subject to Board discretion)[4].
Performance rights (PR)	• A grant of PR[1], with vesting subject to Iress' ATSR performance over three financial years and ongoing service. • ATSR is aligned to Iress' business objectives as ATSR focuses on growth of Iress and value to shareholders, regardless of the broader market and other companies' movements. Awards to executives will not vest unless substantial shareholder value has been created over the measurement period. • ATSR is preferred over other measures as it is simple and transparent to both executives and shareholders. It also enables consideration of a range of benchmarks for performance. • In setting the three-year ATSR target for each PR grant, the Board will reference a vesting range which reflects business strategy but is informed by benchmarks such as recent performance of the All Ordinaries Accumulation index, Iress' cost of equity, market practice for companies with ATSR targets and historical performance of Iress and its peers. • After considering internal and external benchmarks for performance, the Board determined that a three-year ATSR of 6.5% per annum over FY20 - FY22 would be required for 50% of the 2020 PR to vest, with maximum vesting requiring an ATSR of 10.0% per annum. • If employment ceases due to resignation, termination for cause or gross misconduct, unvested PR lapse. If employment ceases for other reasons, PR continue to be held subject to original terms on a pro rata basis (subject to Board discretion)[4].
Minimum shareholding requirement (MSR)	• The CEO will be required to accrue and hold Iress equity equivalent to 400% of base salary within five years (by 31 December 2023). • Executives, other than the CEO, will be required to accrue and hold Iress equity equivalent to 225% of their base salary within five years. • Unvested ER will count towards meeting the requirement; unvested PR, which are subject to an additional ATSR hurdle, 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 ER is granted, when PR vests and/or when fully-paid shares are purchased). • Progress towards the MSR is shown in Section 5.6.
Clawback	• For both ER and PR, significant underperformance or misconduct can lead to reduced vesting at Board's discretion. In addition, the Board may decline to make future grants in such cases.

(1) A Right is the 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.
(2) Depending on the tax rules of 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 being converted to a share). Australian tax residents have the option of choosing an additional 6-month voluntary holding lock period.
(3) Participants are eligible for dividend equivalents during the service period (in the form of additional ER on vesting), and dividends (or cash dividend equivalents for some jurisdictions) during the restriction period.
(4) Board discretion also applies on a change in control. The Board will consider time elapsed and performance achieved when exercising this discretion.

Under the framework, remuneration is delivered over a five year timeframe as shown below:



(1) The Executive grants were awarded on 28 February 2020 with the measurement period for PR starting from 1 January 2020. The CEO grants were awarded post shareholder approval at the AGM on 8 May 2020.

(2) Subject to performance, vesting occurs after the vesting period has ended (28 February 2023).

2.2 Our approach to setting remuneration

Iress offers executives a Total Remuneration package and each remuneration component (base salary, ER and PR) is calculated as a proportion of Total Remuneration, using the target remuneration mix shown in the diagram below. 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 People and Performance Committee (PPC) for other executives. Any decision to increase total remuneration is considered in the context of the resulting change to Base Salary, ER and PR.

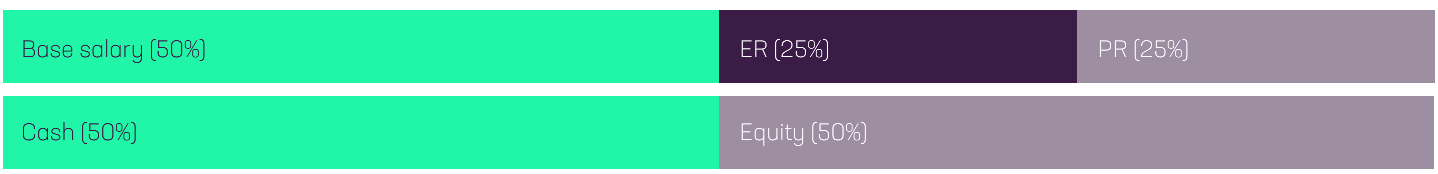
Iress serves multiple sophisticated client segments internationally, faces a range of competitors, and is exposed to global technology and regulatory influences. As a result, Iress competes for the best people on a global basis. The challenges and opportunities faced by Iress reflect the international nature of its business, its size and the industries in which it operates. Recognising this, Iress considers two main comparator groups when assessing executive KMP remuneration: ASX-listed technology companies with complex multinational operations of a similar size (assessed by market capitalisation); and, overseas-listed technology companies operating in a closely comparable industry segment with comparable scale.

The executive remuneration framework delivers a large proportion of remuneration in equity which is held for three to five years. Equity represents 68% of Total Remuneration for the CEO and 50% of Total Remuneration for other executives in 2020, as shown in the diagram below. The proportions of equity represent both a target and a maximum grant value with performance impacting value at vesting rather than value at grant. Allocations do not vary from target unless the Board exercises discretion. The Board can decline to make an equity grant in the case of significant underperformance or misconduct and as such, the minimum equity allocation is nil.

Target remuneration mix

CEO

Executive



The number of ER and PR granted to each executive is calculated using face value. Total Remuneration is multiplied by the percentages shown above. This amount is divided by the twenty-trading-day volume-weighted average share price to 31 December of the year prior to when grant is made.

The 2020 remuneration outcomes for each member of the Executive KMP are shown in Section 3.3.

Directors' Report cont.

For the year ended 31 December 2020

2.3 Our remuneration principles

Iress' executive remuneration framework aligns with the following remuneration principles:

Our remuneration principles	Alignment with our principles
Alignment with Iress' overall strategy for medium to long-term value creation	✓ To support Iress' focus on sustainable long-term growth, deferred equity that rewards multi-year performance is used in lieu of traditional cash incentives that reward current year performance. ✓ A focus on medium to long-term outcomes is reinforced by delivering a large proportion of remuneration in equity, requiring that equity be held for up to five years. This further enhances the alignment between executive and shareholder long-term interests. ✓ By linking PR vesting to ATSR, the Board seeks to ensure that rewards are available for collective progress against the business strategy, which focuses the executives on generating substantial returns for shareholders.
Alignment of executives with shareholders.	✓ A significant portion of remuneration is granted in equity, providing considerable 'skin in the game'. Equity represents 68% of total remuneration for the CEO and 50% of total remuneration for executives in 2020. With the addition of the minimum shareholding requirement, executives will see a direct increase or decrease in their wealth over the equity holding period in the same way that shareholders do. ✓ Executives are prohibited from hedging unvested equity and ER that are subject to restrictions. ✓ PR which make up half of the equity awarded are subject to an additional ATSR hurdle, which vests only if substantial returns are delivered to shareholders. ✓ In setting the ATSR target for each PR grant, the Board will reference a vesting range which reflects business strategy but is informed by benchmarks such as recent performance of the All Ordinaries Accumulation index, Iress' cost of equity, market practice for companies with ATSR targets and historical performance of Iress and its peers.
Ensure that Iress can attract, motivate and retain the leadership talent needed to succeed on an international basis.	✓ The simplicity and transparency of the framework increases its perceived value for executives. ✓ The design of the executive remuneration framework incorporated a review of market practices for global technology peers and consultation with the executives. ✓ Total remuneration quantum is reviewed against the remuneration offered to executives performing comparable roles in other similarly-sized listed technology companies with dynamic international operations. ✓ Equity is held for three to five years encouraging increased executive tenure. ✓ ATSR performance is a quantified target which is within the executive's control, thereby maximising the perceived value of the PR grant by an individual. ✓ Substantial equity exposure allows executives to share appropriately in the value they generate for shareholders. This will enhance Iress' ability to attract and retain the executives needed to execute Iress' strategy.
Simple to understand and transparent for all stakeholders.	✓ There are only two incentive instruments used, and equity exposure is real and in the hands of executives. ✓ By establishing a Total Remuneration (TR) approach, with the quantum of each component of remuneration at a set percentage of Total Remuneration, the remuneration and value available is clearly communicated to the executives and shareholders. ✓ The value of unvested equity is easily assessed by stakeholders, based on current share price and ATSR performance. ✓ The absence of traditional STI removes the complexity and lack of transparency about performance measurement, target setting, pool funding and adjustments.
Support robust performance management.	✓ The Board sets financial and non-financial objectives and reviews Iress' performance and the performance of each executive on an ongoing basis and intervenes where required. ✓ By having a significant proportion of remuneration delivered in equity held for long periods, the impact of individual and collective performance is measured over multiple years. ✓ Remuneration outcomes are capped, with grant values a set percentage of Total Remuneration and PR only vesting if shareholders have made substantial returns over three years. ✓ The framework has safeguards that give the Board discretion over remuneration outcomes if company or individual performance is significantly below expectations. In particular, the Board may reduce or decline to make an equity grant (either as both ER and PR) and can clawback unvested equity and restricted ER if the participant has engaged in fraud, misrepresentation, dishonesty, gross misconduct; poor risk practices or reputational issues or any other matters the Board determines is relevant. See Section 3.2 for the outcome of the Board discretion in 2020.

SECTION 3 RELATIONSHIP BETWEEN PERFORMANCE AND REMUNERATION OUTCOMES

3.1 Mechanisms that link remuneration to performance

The Board sets the strategy for the Group with a three to five-year outlook. The Strategy is reviewed and adjusted each year in the context of business progress, achievement, and the external environment. Executive remuneration is aligned to the Board's medium to long-term strategic outlook through equity instruments that have a holding period of up to five years. In this way, the Board incentivises executives to deliver sustainable long-term shareholder value.

The Board sets annual and multi-year financial and non-financial objectives in areas that progressively and collectively support the Group's medium to long-term strategy and align with the Group's risk appetite. Performance against these objectives is reviewed by the Board at the Group and individual level every six months.

Review of performance against short and medium-term objectives is a key consideration for direct adjustments to individual remuneration. Group and individual performance impacts executives' remuneration in four ways:

- **Impact 1:** Individual and Group performance against the annual objectives set by the Board is a key consideration when the Board determines the Base Salary and Total Remuneration package of an executive.
- **Impact 2:** Share price movements and dividends impact the value of equity over the three to five-year holding period and aligns reward with shareholder outcomes.
- **Impact 3:** PR vesting is subject to a three-year ATSR measure that aligns reward with shareholder outcomes. PR vesting for awards made prior to 2019 is subject to a RTSR measure.
- **Impact 4:** 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 holding period. The Board has a rigorous process to assess performance and where necessary, adjust remuneration, as described below.

Before the start of the year	During the year	End of the year
Group performance objectives set	**Performance assessed against objectives**	**Performance assessed against objectives**
✓ The Board approves the financial and non-financial objectives consistent with the Group's risk appetite and specific targets for the Group to achieve its medium-term strategy. ✓ The Board considers a range of financial and non-financial metrics as summarised in Section 3.2.	✓ In addition to monitoring throughout the year, at mid-year, the Board formally assesses the Group's progress against the objectives and company strategy. ✓ At mid-year, the PPC reviews the CEO's assessment of individual executive's progress against objectives and company strategy.	✓ The Board assesses the performance of the Group and the CEO against the objectives and company strategy. The CEO's assessment of the performance of other executives against their individual objectives is reviewed by the PPC.
Individual performance objectives set	**Determination of remuneration outcomes**	**Determination of remuneration outcomes**
✓ The Group's financial and non-financial objectives are cascaded to individual objectives for each executive. The targets and weighting of the objectives are specific to each executive's role, but include financial and non-financial objectives in all cases. The Board approves the CEO's objectives and the PPC reviews the objectives for other executives.	✓ At each scheduled vesting date, the PPC reviews Iress' TSR performance and confirms the maximum PR eligible to vest (Impact 3). With consideration also to any **group** and **individual** performance or conduct and risk factors at any time during the equity holding period, the PPC determines the final number of ER and PR to vest (Impact 4). ✓ At half-year, the CEO reviews the remuneration packages of his direct reports taking their **individual** performance into consideration (Impact 1). Any recommended changes are reviewed by PPC.	✓ The Board reviews the CEO's **remuneration package** (Impact 1) for the subsequent year. ✓ The Board (for the CEO) and the PPC (for other executives) determines if there were any **group** or **individual** performance or conduct and risk factors which would justify a reduction in value of ER and PR to be granted in the subsequent cycle (Impact 4). ✓ During the equity holding period, each executive's equity is subject to the same share price movements as other Iress shareholders (Impact 2).

The sections below outline Iress' performance and the resulting remuneration outcomes in 2020.

Directors' Report cont.

For the year ended 31 December 2020

3.2 Group performance against objectives

The table below provides summary information on the Group's earnings for the five years to 31 December 2020.

Measure	2020	2019	2018	2017	2016
Net Profit After Tax ($'000s)	59,066	65,128	64,096	59,755	59,452
Segment Profit ($'000s)[a]	152,918	152,062	137,702	125,383	123,531
Operating revenue ($'000s)	542,630	508,943	464,624	429,952	389,737
Segment Profit on a constant currency basis ($'000s)[a]	155,339	152,062	138,743	127,875	124,425
Operating revenue on a constant currency basis ($'000s)	546,022	508,943	469,617	443,967	393,329
Basic Earnings per share (cents)	32.3	37.9	37.6	35.4	37.0
Annual ATSR[b]	-18.0%[c]	23.5%	2.7%	2.8%	21.7%
Annualised 3-year ATSR[b]	1.3%	9.3%	8.7%	7.8%	10.6%
3-year RTSR target for PR grant	n/a	n/a	50th – 75th percentile		
3-year ATSR target for PR grant	6.5–10% p.a.	n/a			

(a) Segment Profit (calculation as set out in Note 1.1 to the Consolidated Financial Statements) is a measure of core underlying business performance.
(b) All share prices and the TSR calculation are based on the twenty trading day volume weighted average share price on the relevant dates.
(c) Iress' share price (twenty-trading-day volume weighted average share price) was $13.21 at 31 December 2019 and $10.39 at 31 December 2020.

As noted earlier in this report, Iress' 2020 operating revenue of $543m was 7% higher than in 2019, but fell short of the target set for 2020 as a result of the more challenging macro environment. Pro forma (see table below for a reconciliation of reported results to pro forma results) revenue growth was 2%. Management responded to lower than expected revenue through rigorous cost control which delivered a Segment Profit outcome, excluding the impact of currency fluctuations, of $155m, 2% higher than in 2019. Pro forma Segment Profit grew 5% and pro forma NPAT grew 7% compared to 2019. The Board views this to be a steady outcome in the context of the volatile macroeconomic environment and the impact it has had on top-line growth.

Also noted earlier in this report, Iress takes a medium to long term view when assessing strategic investment decisions. In this context, the Board and Management maintained a number of important investment initiatives that form part of the 2020 cost base and impacted Segment Profit outcome for the year. As a result, the 2020 Segment Profit result is less than it would have been if only short term financial outcomes had been the focus. The Board and Management believe that this approach was, and is, in the best medium to long term interests of shareholders.

Iress' 2020 non-financial objectives and performance are summarised below. When determining whether to make (and the extent of) adjustments to remuneration, the Board considers the following areas of performance collectively and in context of achieving the Company's medium term strategy.

Reconciliation: Reported to pro forma results	**Operating Revenue**		**Segment Profit**		**NPAT**	
	2019 $AUDm	**2020 $AUDm**	**2019 $AUDm**	**2020 $AUDm**	**2019 $AUDm**	**2020 $AUDm**
Reported result	**508.9**	**542.6**	**152.1**	**152.9**	**65.1**	**59.1**
Add: QuantHouse results for 1st five months of 2019[1]	15.2		(3.5)		(4.9)	
Remove: BC Gateways post acquisition results in 2020[2]		0.0		1.5		(1.4)
Remove: O&M Systems post acquisition results in 2020[2]		(2.7)		(0.2)		0.4
Remove: OneVue Holdings post acquisition results in 2020[2]		(7.9)		(1.0)		4.3
Remove: Impact of currency movements in 2020[3]		3.4		2.4		1.8
Pro forma result	**524.1**	**535.5**	**148.5**	**155.6**	**60.2**	**64.3**

(1) Adjustment to include five months pre-acquisition QuantHouse trading in 2019 (business was purchased end of May 2019) which provides a full twelve month comparative.
(2) Adjustments to remove the impact of 2020 acquisitions.
(3) Adjustment to remove the impact of currency movements in 2020 so that 2020 results are translated at the same currency rates as 2019.

Focus area	Performance goal	FY20 achievement	Strategic progress FY20-21
Clients & Users			
Quality	To grow strategic relationships	At target	At target
Ease	Clients experience ease with interactions with Iress	At target	At target
Growth	Iress achieves budgeted growth goals, through existing and new clients	Below target	At target
Product & Technology			
Quality	Iress continues to improve in quality delivery and speed	At target	At target
Ease	Software useability is improved for end users	At target	At target
Growth	Data and innovation is delivered in new products for growth	At target	At target
Company & People			
Quality	Iress is an employer of choice and known for the best people	Above target	At target
Ease	A consistent approach to describe and achieve work across teams is a driver of efficiency	At target	At target
Growth	Automation is a primary driver of scale across Iress	At target	At target

As shown above, 2020 non-financial performance was at target in most areas, above target for Company/People-Quality and below target for Client-Growth. Progress towards medium term strategic goals was on target in all areas, including Growth, due to acquisitions such as OneVue. After due consideration, the Board concluded that the below target performance in Client-Growth in the short-term did not materially impact overall performance, which remains on track in the medium term.

While financial and Client-Growth performance was below the targets set by the Board at the beginning of the year, the Board is of the opinion that the Executive Team have performed exceptionally well under the current circumstances by:

- Limiting the impact on financial performance by managing cost growth effectively;
- Continuing to invest in medium to long term growth opportunities;
- Delivering seamless service delivery to clients through a period of lockdown and remote working while also helping clients to transition their own businesses to remote working;
- Continuing to increase the client base and maintaining service continuity for clients despite economic uncertainty;
- Prioritising the health and wellbeing of our people and long term relationships of clients over short term financial performance; and
- Creating opportunities for future growth through strategic acquisitions.

With consideration to the sustainable approach with which Management responded to COVID-19 and the degree to which executives had already been impacted by share price movements (see Section 3.5), the Board viewed that applying discretion to further alter outcomes was not warranted or appropriate.

Iress' key achievements in 2020 are further described in pages 2 to 7 of the Annual Report.

Directors' Report cont.

For the year ended 31 December 2020

3.3 Remuneration awarded in the current year

Following its 2019 year-end assessment of performance at a Group level and performance and conduct at an individual level, the Board determined it was fair and appropriate that the 2020 equity grants proceed in line with the remuneration mix disclosed in Section 2.2.

The remuneration awarded to Executive KMP in 2020 (and 2019) is shown below. Total Remuneration awarded in 2020 was $9,856,221, which was comparable to the prior year (2019: $9,860,835).

Base salary awarded to Executive KMP in 2020 was higher than in 2019 due to the part-year inclusion of new roles in KMP and the full-year impact of the base salary increases disclosed in 2019. The increases aligned salaries with the market and recognised the change in scope and complexity of the roles since previous adjustments.

Equity was awarded in line with the target remuneration mix disclosed in Section 2.2, which resulted in higher values than 2019 for ER and PR due to the changes to base salary and the higher equity grant values approved by shareholders in May 2019. The value of equity awarded is not realised unless and until the equity vests (subject to the satisfaction of vesting conditions) and is released from restrictions.

No Transition ER was awarded in 2020, as this was a one-off award in 2019 to compensate executives for the negative impact of the one-off transition to the new remuneration framework.

Executive KMP	Year	Base salary $	ER[a] $	Transition ER[a,b] $	PR[a] $	Total remuneration $
A Walsh	**2020**	**1,000,000**	**1,008,901**	**0**	**1,068,900**	**3,077,801**
	2019	1,000,000	888,894	0	888,894	2,777,788
M Blomfield[c]	**2020**	**123,077**	**n/a**	**0**	**n/a**	**123,077**
J Das[c]	**2020**	**162,885**	**n/a**	**0**	**n/a**	**162,885**
P Ferguson	**2020**	**390,000**	**195,006**	**0**	**195,006**	**780,012**
	2019	375,417	182,511	109,507	182,511	849,946
J Harris	**2020**	**620,000**	**310,012**	**0**	**310,012**	**1,240,024**
	2019	573,333	270,001	162,005	270,001	1,275,340
A Knowles[c,d]	**2020**	**386,795**	**313,738**	**0**	**313,738**	**1,014,271**
	2019	611,636	283,320	169,992	283,320	1,348,268
C Lill[c]	**2020**	**133,333**	**n/a**	**0**	**n/a**	**133,333**
J McNeill[d]	**2020**	**410,714**	**218,665**	**0**	**218,665**	**848,044**
	2019	422,956	194,786	116,871	194,786	929,399
S New[d]	**2020**	**589,286**	**313,738**	**0**	**313,738**	**1,216,762**
	2019	589,623	265,613	159,372	265,613	1,280,221
A Todd	**2020**	**630,000**	**315,006**	**0**	**315,006**	**1,260,012**
	2019	614,775	301,960	181,178	301,960	1,399,873
Total Executive KMP	**2020**	**4,446,090**	**2,675,066**	**0**	**2,735,065**	**9,856,221**
	2019	4,187,740	2,387,085	898,925	2,387,085	9,860,835

(a) ER, Transition ER and PR are shown at face value which includes the value of dividends. This differs from fair value expensed in 2020, which has been used to calculate remuneration in Section 5.2. The number of rights granted to each executive KMP in 2020 and 2019 was based on the twenty-trading-day volume weighted average share price up to and including 31 December 2019 and 31 December 2018 respectively. Where not applicable (n/a) is stated, the individual became KMP after the eligibility date for this award.

(b) Transition ER were a one-off equity grant in 2019 to offset the reduction in cash flow as a result of changes to the executive remuneration framework.

(c) Amounts shown reflect the part of the year the individual was KMP as per the introduction to this Remuneration Report.

(d) Salary of A Knowles, J McNeill and S New is denominated fully or partly 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 0.56 (2019:0.53).

3.4 Remuneration realised from equity granted in previous years

Equity vested

In May 2020, based on Iress' RTSR performance in the preceding three and four year periods, there was partial vesting of PR granted to the CEO in 2016 and PR granted to other executives in 2017.

		At end of measurement period [a,b]	
Award	**Initial measurement period[a]**	**RTSR percentile**	**Final vesting**
CEO 2016 4-yr	1 Jan 2016 to 31 Dec 2019	66.0th	82.0%
CEO 2016 3-yr deferred start	1 Jan 2017 to 31 Dec 2019	57.0th	64.0%
Executive 2017 3-yr	1 Jan 2017 to 31 Dec 2019	56.7th	63.4%

(a) PR granted prior to 2019 had one re-test 6 months after the initial measurement period. The final outcomes above are thus based on maximum performance as measured on 31 Dec 2019 and 30 June 2020.

(b) TSR amounts are calculated as per the terms of each PR offer, which provide for a 20-day volume weighted average share price at the start and end. Due to a slight methodology change, percentiles were rounded to zero decimal places for the 2016 awards and one decimal place for the 2017 award.

In addition to the RTSR vesting criteria, equity granted prior to 2019 also required satisfactory individual performance. Following its assessment of performance and conduct at an individual level at the end of the year, the Board determined not to clawback any of the above awards and that the full value of PR as determined by RTSR performance would vest.

The value of equity vested to Executive KMP in 2020 (and 2019) is shown below. In addition to the 2016 and 2017 PR, it includes deferred equity granted in 2017 under the previous remuneration framework (see Section 5.4 for more details). Executive KMP had a decrease in their realised remuneration in 2020 as compared to 2019, which was primarily driven by lower RTSR results and thus a lower proportion of PR vesting, lower share price at vesting and a lower number of deferred shares due to vest in 2020 for the CEO compared to 2019.

Executive KMP	**Financial Year**	**Base salary $**	**Deferred equity vested[a] $**	**PR vested[a] $**	**Total remuneration $**
A Walsh	**2020**	**1,000,000**	**498,262**	**917,722**	**2,415,984**
	2019	1,000,000	831,836	1,244,426	3,076,262
M Blomfield[b]	**2020**	**123,077**	**n/a**	**n/a**	**123,077**
J Das[b]	**2020**	**162,885**	**n/a**	**n/a**	**162,885**
P Ferguson	**2020**	**390,000**	**112,356**	**64,084**	**566,440**
	2019	375,417	135,256	136,837	647,510
J Harris	**2020**	**620,000**	**170,975**	**98,001**	**888,976**
	2019	573,333	135,256	193,187	901,776
A Knowles[b,c]	**2020**	**386,795**	**170,975**	**98,001**	**655,771**
	2019	611,636	236,699	193,187	1,041,522
C Lill[b]	**2020**	**133,333**	**n/a**	**n/a**	**133,333**
J McNeill[c]	**2020**	**410,714**	**74,506**	**44,720**	**529,940**
	2019	422,956	140,993	80,488	644,437
S New[c]	**2020**	**589,286**	**74,506**	**51,101**	**714,893**
	2019	589,623	81,159	64,396	735,178
A Todd	**2020**	**630,000**	**161,203**	**n/a**	**791,203**
	2019	614,775	n/a	n/a	614,775
Total Executive KMP	**2020**	**4,446,090**	**1,262,783**	**1,273,629**	**6,982,502**
	2019	4,187,740	1,561,199	1,912,521	7,661,460

(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. Where not applicable (n/a) is stated , the executive started with the Group after the eligibility date for this award. This differs from fair value expensed in 2020, which has been used to calculate remuneration in Section 5.2.

(b) Amounts shown reflect the part of the year the individual was KMP as per the introduction to this Remuneration Report.

(c) Salary of A Knowles, J McNeill and S New is denominated fully or partly 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 0.5600(2019:0.5300).

Total salary awarded to executives in 2020 was higher than in 2019 due to the full-year impact of the base salary increases disclosed in 2019, which was offset by the value of equity vested in 2020 being lower than in 2019, resulting in a decrease to total realised remuneration.

Directors' Report cont.

For the year ended 31 December 2020

3.5 Change in value of equity held

Iress' remuneration framework directly links shareholder and executive outcomes. Executive KMP saw a reduction in the value of their equity in 2020 due to the reduced likelihood of future PR vesting, and declined value of their equity holdings due to the share price. This is aligned with shareholder experience in 2020. As shown in Section 5.6, Executive KMP have accumulated shares from previous vestings voluntarily. These shareholdings were also exposed to share price changes during the year.

<table>
<tr><th>Equity type</th><th>Shareholder outcome</th><th>Executive outcome[1]</th><th>Estimated $ impact[2]</th></tr>
<tr><td>Shares</td><td rowspan="4">ATSR -18.0%</td><td>ATSR -18.0%</td><td rowspan="3">The 1.5m shares/rights held by executive KMP decreased in value by $4.2m in 2020, of which $2.2m is for the CEO. After offsetting the value of dividends (and potential dividend equivalents), the difference in value for Executive KMP was -$3.6m (-$1.9m for the CEO).</td></tr>
<tr><td>Deferred equity (previous remuneration framework)</td><td>ATSR -21.3% (due to no dividends)</td></tr>
<tr><td>Unvested equity rights</td><td>ATSR -18.0%</td></tr>
<tr><td>Unvested performance rights</td><td>2019 and 2020 awards not tracking to vest due to ATSR of 0.6% and -18.0% respectively</td><td>As of 31 December 2019, 100% of the 2019 Performance Rights were on track to vest.
The loss in the potential value in 2020 is $3.0m, of which $1.1m is for the CEO.</td></tr>
</table>

(1) Where equity was held all of 2020.
(2) This estimate is based on the equity held at 31 December 2020 (which approximates the average balance throughout the year), and the value of equity holdings at the beginning and end of the year using a twenty-trading-day volume weighted average share price ($13.21 at 31 December 2019 and $10.39 at 31 December 2020).

In its 2020 half-year and year-end assessments, the Board did not identify any individual or company performance or conduct factors that would warrant clawback of currently unvested equity at future vesting dates. The Board will continue to monitor such factors until the relevant vesting date for each grant of equity.

SECTION 4 NON-EXECUTIVE DIRECTOR FEES

4.1 Fee policy

NED receive fees for their services plus the reimbursement of reasonable expenses. To ensure objective and independent oversight of the Group, NED do not participate in performance-based incentives or receive post-employment benefits. The fee levels that applied during 2020 were:

	Fee ($)		
Role	**Iress Ltd Board**	**Audit & Risk Committee**	**People & Performance Committee**
Chair	240,000[a]	24,000	24,000
Member	130,000	Nil	Nil

(a) The Chairman of the Iress Ltd Board 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 to NED of comparable companies.

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 level for 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 held on 2 May 2019. The pool was increased in 2019 to ensure that there was flexibility to provide an orderly succession process, with an overlap between new directors and directors who are in their final term. Accordingly, two NED were appointed to the Board in 2020. The total amount of remuneration paid to NED in 2020 was $1,234,691 (2019: $1,080,350) with the increase being driven by the new appointments.

For the NED statutory remuneration details, please see Section 5.3.

Directors' Report cont.

For the year ended 31 December 2020

SECTION 5 ADDITIONAL REQUIRED DISCLOSURES

5.1 Remuneration governance

The Board and the People & Performance Committee work closely to apply the Group's remuneration philosophy and ensure the Company's remuneration strategy supports the creation of sustainable shareholder value.

The Board oversees remuneration for Iress and approves remuneration for NED and the CEO. The PPC reviews remuneration taking into account a wide variety of information including business strategy and culture, stakeholder interests, market practice and corporate governance principles and also approves remuneration arrangements of executives (excluding 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/.

No remuneration recommendations (as defined by the Corporations Act 2001) were provided to the Board during the reporting period.

5.2 Executive KMP remuneration

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

		Short-term benefits $		Post-employment benefits $	Long-term benefits $				
Executive KMP	**Year**	**Salary & fees[a]**	**Non-monetary benefits[b]**	**Super-annuation**	**Share-based payments DSR/ER**	**Share-based payments PR**	**Long-service leave**	**Total remun-eration $**	**Performance related remun-eration**
A Walsh	**2020**	**1,000,000**	**17,104**	**25,000**	**1,366,056**	**687,411**	**32,101**	**3,127,672**	**66%**
	2019	1,000,000	21,971	25,000	931,879	744,050	16,112	2,739,012	61%
M Blomfield[c]	**2020**	**123,077**	**0**	**11,692**	**0**	**0**	**0**	**134,769**	**0%**
J Das[c]	**2020**	**162,885**	**0**	**15,474**	**0**	**0**	**0**	**178,359**	**0%**
P Ferguson	**2020**	**390,000**	**2,369**	**25,198**	**329,161**	**79,124**	**9,273**	**835,125**	**49%**
	2019	375,417	2,535	25,990	250,695	82,644	9,728	747,009	45%
J Harris	**2020**	**620,000**	**2,369**	**25,000**	**495,435**	**119,715**	**16,300**	**1,278,819**	**48%**
	2019	573,333	2,535	25,000	366,637	123,256	24,379	1,115,140	44%
A Knowles[d]	**2020**	**386,795**	**2,235**	**6,519**	**281,009**	**69,573**	**0**	**746,131**	**47%**
	2019	611,636	3,611	26,250	387,711	123,352	14,786	1,167,346	44%
C Lill[e]	**2020**	**133,333**	**0**	**12,667**	**88,474**	**19,450**	**2,274**	**256,198**	**42%**
J McNeill[d]	**2020**	**425,179**	**8,683**	**36,830**	**349,631**	**82,342**	**n/a**	**902,665**	**48%**
	2019	438,239	12,077	38,066	246,671	75,195	n/a	810,248	40%
S New[d,f]	**2020**	**589,286**	**4,798**	**29,464**	**470,477**	**107,050**	**n/a**	**1,201,075**	**48%**
	2019	589,623	5,062	29,481	317,106	90,594	n/a	1,031,866	40%
A Todd	**2020**	**630,000**	**0**	**25,000**	**545,716**	**114,538**	**9,010**	**1,324,264**	**50%**
	2019	614,775	0	25,000	512,339	80,739	5,445	1,238,298	48%
Total	**2020**	**4,460,555**	**37,558**	**212,844**	**3,925,959**	**1,279,203**	**68,958**	**9,985,077**	**52%**
	2019	4,203,023	47,791	194,787	3,013,038	1,319,830	70,450	8,848,919	49%

(a) Salary and fees includes allowances and short-term compensated absences paid during the 2019 and 2020 years.
(b) Non-monetary benefits include health and life insurance subsidies. For A Walsh, this also includes the market value of his/Iress' ongoing arrangement for settling UK tax and insurance obligations on equity awards that were on foot during his 2013-2015 secondment to the UK. Excluded from non-monetary benefits for A Walsh is the cost of filing tax returns in the UK ($2,648).
(c) M Blomfield and J Das joined Iress in September and October 2020 respectively and have not received any Iress equity to date.
(d) Remuneration of A Knowles, J McNeill and S New is denominated fully or partly 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 0.5600 (2019:0.5300). The amounts included under Superannuation refer to Pension for these individuals.
(e) C Lill became KMP in September 2020 and his remuneration from that date has been included including the share-based payment expense for September to December 2020 in relation to awards he was granted prior to becoming KMP.
(f) Simon New's 2019 superannuation has been restated to correct an error in the 2019 report.

5.3 Non-executive Director remuneration

The total remuneration for NED during 2020 and 2019 is set out in the table below.

		Short-term benefits	Post-employment entitlements	
Non-executive Director	**Year**	**Fees ($)**	**Super-annuation ($)**	**Total[a] ($)**
A D'Aloisio	**2020**	**219,178**	**20,822**	**240,000**
	2019	219,178	20,822	240,000
N Beattie	**2020**	**130,000**	**12,350**	**142,350**
	2019	130,000	12,350	142,350
J Cameron	**2020**	**118,721**	**11,279**	**130,000**
	2019	118,721	11,279	130,000
M Dwyer[d]	**2020**	**108,828**	**10,339**	**119,167**
J Fahey[b]	**2020**	**140,639**	**13,361**	**154,000**
	2019	118,721	11,279	130,000
J Hayes	**2020**	**140,639**	**13,361**	**154,000**
	2019	140,639	13,361	154,000
J Seabrook[c]	**2020**	**44,894**	**1,113**	**46,007**
	2019	140,639	13,361	154,000
G Tomlinson[a]	**2020**	**127,180**	**2,820**	**130,000**
	2019	118,721	11,279	130,000
T Vonhoff[d]	**2020**	**108,828**	**10,339**	**119,167**
Total Non-executive Director fees	**2020**	**1,138,907**	**95,784**	**1,234,691**
	2019	986,619	93,731	1,080,350

(a) NED fees are paid inclusive of superannuation for all NEDs except for N Beattie, who is paid superannuation on-top of fees based on the percentage of total fees relating to work performed in Australia.
(b) J Fahey was appointed as the Chair of the PPC in February 2020.
(c) J Seabrook ceased to be a Non-executive Director of the Board on 7 May 2020.
(d) M Dwyer and T Vonhoff were appointed to the Board as NED on 1 February 2020.

5.4 Terms of equity grants

2019 & 2020 Performance Rights

The 2019 and 2020 PR were granted consistent with the terms described in Section 2.1. The number of PR that will vest will depend on Iress' ATSR performance over the measurement period, measured using a twenty-trading-day volume weighted average share price at the start and end of the measurement period. The vesting schedule for the 2019 and 2020 PR award is given below.

Iress' annualised ATSR over the 3-year measurement period	% of PR 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%

This vesting schedule was set with consideration to the benchmarks outlined in Section 2.3. The above are stretch targets against those benchmarks.

Performance Rights granted prior to 2019

PR granted prior to 2019 had similar terms to the 2019 PR grant. The main difference was that vesting was based on RTSR performance over the measurement period. Iress' TSR performance 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 PR granted prior to 2019, 0% of the rights vested for RTSR performance below the 50th percentile and 100% of the rights vested 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 do not vest on the initial test date.

Directors' Report cont.

For the year ended 31 December 2020

2019 Transition Equity Rights (Transition ER)

In 2019, the annual cash short-term incentive was removed upon the introduction of the new executive remuneration framework. Until the ER begin to be released from restrictions in 2023, executives have a negative cash flow impact. To offset this, a one-off additional grant of Transition ER valued at 30% of an executive's 31 December 2018 base salary was provided to executives (excluding the CEO) in 2019.

Transition ER have the same vesting conditions and holding restrictions as the annual ER allocations. However, for circumstances such as redundancy, Transition ER will be retained on a pro rata basis (subject to Board discretion).

Deferred equity delivered as Deferred Share Rights (DSR)

Under the previous remuneration framework, executives were eligible for a cash short-term incentive and deferred equity, as well as PR. Deferred Equity was delivered in the form of Deferred Share Rights. A grant under this plan was made in May 2019 in relation to performance in the 2018 financial year. A grant was also made under this plan to A Todd in December 2019. This was granted in lieu of a grant he should have received in May 2017 after joining Iress, which in error, had been missed. A DSR is a right to acquire one fully paid ordinary share in Iress (subject to adjustment for certain capital actions) at no cost. Vesting is conditional on three-years' continued service and achievement of a satisfactory level of individual performance during these three years.

Employee share plans

The previous employee share plans offered to Australian and UK employees were expanded globally in 2020. Under the 2020 OneIress Equity award, permanent employees were invited to acquire Iress shares either by:

- salary sacrificing up to specified limits with Iress supplementing this with shares up to a value of $300, or
- receiving free Iress shares or share rights worth $300 with the tax obligations being borne by the participant.

Equity is granted in the form of shares or share rights. In 2020, 836 employees (44% of eligible employees) participated in the plan, subscribing to 92,100 shares and 29 share rights.

5.5 Unvested equity

The table below presents the ER, DSR (Deferred equity and Avelo awards) and PR 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. ER, DSR and PR are granted for no consideration, and upon vesting, can be exercised at no cost.

Executive KMP[a]	Type of equity	Grant date	Number granted	Fair value at grant date	Vesting date	Expiry date	Number vested[e]	% vested	Number lapsed	% lapsed	Number unvested[b]
A Walsh	ER	8-May-20	76,374	11.86	28-Feb-22	28-Feb-22	–	–	–	–	76,374
	PR	8-May-20	80,916	2.61	28-Feb-23	28-Feb-23	–	–	–	–	80,916
	ER	9-May-19	80,020	14.22	26-Feb-21	28-Feb-21	–	–	–	–	80,020
	PR	9-May-19	80,020	8.6	28-Feb-22	28-Feb-22	–	–	–	–	80,020
	DSR	9-May-19	42,736	12.73	10-May-22	10-May-22	–	–	–	–	42,736
	PR	10-May-18	45,605	5.75	10-May-22	10-May-22	–	–	–	–	45,605
	PR	10-May-18	45,605	5.78	10-May-22	10-May-22	–	–	–	–	45,605
	DSR	10-May-18	51,707	9.58	10-May-21	10-May-21	–	–	–	–	51,707
	PR	11-May-17	54,739	6.64	11-May-21	11-May-23	–	–	–	–	54,739
	PR	11-May-17	54,739	7.05	11-May-21	11-May-23	–	–	–	–	54,739
	DSR	11-May-17	47,575	10.86	11-May-20	11-May-21	47,575	100.00%	0	0.00%	0
	PR	5-May-16	60,000	6.24	5-May-20	5-May-23	38,400	64.00%	21,600	36.00%	0
	PR	5-May-16	60,000	8.00	5-May-20	5-May-23	49,200	82.00%	10,800	18.00%	0
	Total of ER and DSR										**250,837**
	Total of PR										**361,624**

Executive KMP[a]	Type of equity	Grant date	Number granted	Fair value at grant date	Vesting date	Expiry date	Number vested[e]	% vested	Number lapsed	% lapsed	Number unvested[b]
P Ferguson	ER	28-Feb-20	14,762	11.86	28-Feb-22	28-Feb-22	–	–	–	–	14,762
	PR	28-Feb-20	14,762	3.81	28-Feb-23	28-Feb-23	–	–	–	–	14,762
	ER	28-Feb-19	16,430	12	26-Feb-21	28-Feb-21	–	–	–	–	16,430
	PR	28-Feb-19	16,430	5.54	28-Feb-22	28-Feb-22	–	–	–	–	16,430
	TER	28-Feb-19	9,858	12	26-Feb-21	28-Feb-21	–	–	–	–	9,858
	DSR	10-May-19	9,966	12.73	10-May-22	10-May-22	–	–	–	–	9,966
	PR	10-May-18	12,770	5.79	10-May-21	10-May-21	–	–	–	–	12,770
	DSR	10-May-18	12,772	9.58	10-May-21	10-May-21	–	–	–	–	12,772
	PR	11-May-17	9,646	7.13	11-May-20	11-May-24	6,116	63.40%	3,530	36.60%	0
	DSR	11-May-17	10,728	10.86	11-May-20	11-May-21	10,728	100.00%	0	0.00%	0
	Total of ER and DSR										**63,788**
	Total of PR										**43,962**
J Harris	ER	28-Feb-20	23,468	11.86	28-Feb-22	28-Feb-22	–	–	–	–	23,468
	PR	28-Feb-20	23,468	3.81	28-Feb-23	28-Feb-23	–	–	–	–	23,468
	ER	28-Feb-19	24,306	12	26-Feb-21	28-Feb-21	–	–	–	–	24,306
	PR	28-Feb-19	24,306	5.54	28-Feb-22	28-Feb-22	–	–	–	–	24,306
	TER	28-Feb-19	14,584	12	26-Feb-21	28-Feb-21	–	–	–	–	14,584
	DSR	10-May-19	14,861	12.73	10-May-22	10-May-22	–	–	–	–	14,861
	PR	10-May-18	19,154	5.79	10-May-21	10-May-21	–	–	–	–	19,154
	DSR	10-May-18	18,666	9.58	10-May-21	10-May-21	–	–	–	–	18,666
	PR	11-May-17	14,752	7.13	11-May-20	11-May-24	9,353	63.40%	5,399	36.60%	0
	DSR	11-May-17	16,325	10.86	11-May-20	11-May-21	16,325	100.00%	0	0.00%	0
	Total of ER and DSR										**95,885**
	Total of PR										**66,928**
A Knowles	ER	28-Feb-20	23,750	11.86	28-Feb-22	28-Feb-22	–	–	–	–	23,750
	PR	28-Feb-20	23,750	3.81	28-Feb-23	28-Feb-23	–	–	–	–	23,750
	ER	28-Feb-19	25,505	12	26-Feb-21	28-Feb-23	–	–	–	–	25,505
	PR	28-Feb-19	25,505	5.54	28-Feb-22	28-Feb-22	–	–	–	–	25,505
	TER	28-Feb-19	15,303	12	26-Feb-21	28-Feb-21	–	–	–	–	15,303
	DSR	10-May-19	16,473	12.73	10-May-22	10-May-22	–	–	–	–	16,473
	PR	10-May-18	18,242	5.79	10-May-21	10-May-21	–	–	–	–	18,242
	DSR	10-May-18	18,175	9.58	10-May-21	10-May-21	–	–	–	–	18,175
	PR	11-May-17	14,752	7.13	11-May-20	11-May-24	9,353	63.40%	5,399	36.60%	0
	DSR	11-May-17	16,325	10.86	11-May-20	11-May-21	16,325	100.00%	0	0.00%	0
	Total of ER and DSR										**99,206**
	Total of PR										**67,497**
C Lill	ER	28-Feb-20	13,059	11.86	28-Feb-22	28-Feb-22	–	–	–	–	13,059
	PR	28-Feb-20	13,059	3.81	28-Feb-23	28-Feb-23	–	–	–	–	13,059
	ER	28-Feb-19	12,379	12	26-Feb-21	28-Feb-21	–	–	–	–	12,379
	PR	28-Feb-19	12,379	5.54	28-Feb-22	28-Feb-22	–	–	–	–	12,379
	TER	28-Feb-19	7,427	12	26-Feb-21	28-Feb-23	–	–	–	–	7,427
	DSR	10-May-19	8,392	12.73	10-May-22	10-May-22	–	–	–	–	8,392
	PR	10-May-18	9,577	5.79	10-May-21	10-May-21	–	–	–	–	9,577
	DSR	10-May-18	9,825	9.58	10-May-21	10-May-21	–	–	–	–	9,825
	Total of ER and DSR										**51,082**
	Total of PR										**35,015**

Directors' Report cont.

For the year ended 31 December 2020

Executive KMP[a]	Type of equity	Grant date	Number granted	Fair value at grant date	Vesting date	Expiry date	Number vested[e]	% vested	Number lapsed	% lapsed	Number unvested[b]
J McNeill	ER	28-Feb-20	16,553	11.86	28-Feb-22	28-Feb-24	–	–	–	–	16,553
	PR	28-Feb-20	16,553	3.81	28-Feb-23	28-Feb-23	–	–	–	–	16,553
	ER	28-Feb-19	17,535	12	26-Feb-21	28-Feb-23	–	–	–	–	17,535
	PR	28-Feb-19	17,535	5.54	28-Feb-22	28-Feb-22	–	–	–	–	17,535
	TER	28-Feb-19	10,521	12	26-Feb-21	28-Feb-23	–	–	–	–	10,521
	DSR	10-May-19	10,567	12.73	10-May-22	10-May-22	–	–	–	–	10,567
	PR	10-May-18	13,682	5.79	10-May-21	10-May-21	–	–	–	–	13,682
	DSR	10-May-18	13,731	9.58	10-May-21	10-May-21	–	–	–	–	13,731
	PR	11-May-17	6,731	7.13	11-May-20	11-May-24	4,268	63.41%	2,463	36.59%	0
	DSR	11-May-17	7,114	10.86	11-May-20	11-May-21	7,114	100.00%	0	0.00%	0
	Total of ER and DSR										**68,907**
	Total of PR										**47,770**
S New	ER	28-Feb-20	23,750	11.86	28-Feb-22	28-Feb-22	–	–	–	–	23,750
	PR	28-Feb-20	23,750	3.81	28-Feb-23	28-Feb-23	–	–	–	–	23,750
	ER	28-Feb-19	23,911	12	26-Feb-21	28-Feb-23	–	–	–	–	23,911
	PR	28-Feb-19	23,911	5.54	28-Feb-22	28-Feb-22	–	–	–	–	23,911
	TER	28-Feb-19	14,347	12	26-Feb-21	28-Feb-21	–	–	–	–	14,347
	DSR	10-May-19	13,520	12.73	10-May-22	10-May-22	–	–	–	–	13,520
	PR	10-May-18	15,962	5.79	10-May-21	10-May-21	–	–	–	–	15,962
	DSR	10-May-18	17,164	9.58	10-May-21	10-May-21	–	–	–	–	17,164
	PR	11-May-17	7,692	7.13	11-May-20	11-May-24	4,877	63.40%	2,815	36.6%	0
	DSR	11-May-17	7,114	10.86	11-May-20	11-May-21	7,114	100.00%	0	0.00%	0
	Total of ER and DSR										**92,692**
	Total of PR										**63,623**
A Todd	ER	28-Feb-20	23,846	11.86	28-Feb-22	28-Feb-22	–	–	–	–	23,846
	PR	28-Feb-20	23,846	3.81	28-Feb-23	28-Feb-23	–	–	–	–	23,846
	DSR[c]	13-Dec-19	15,392	13.17	11-May-20	11-May-24	15,392	100.00%	0	0.00%	0
	ER	28-Feb-19	27,183	12	26-Feb-21	28-Feb-21	–	–	–	–	27,183
	PR	28-Feb-19	27,183	5.54	28-Feb-22	28-Feb-22	–	–	–	–	27,183
	TER	28-Feb-19	16,310	12	26-Feb-21	28-Feb-21	–	–	–	–	16,310
	DSR	10-May-19	16,784	12.73	10-May-22	10-May-22	–	–	–	–	16,784
	PR	10-May-18	20,067	5.79	10-May-21	10-May-21	–	–	–	–	20,067
	DSR	10-May-18	21,614	9.58	10-May-21	10-May-21	–	–	–	–	21,614
	Total of ER and DSR										**105,737**
	Total of PR										**71,096**

(a) M Blomfield and J Das have not received any Iress equity to date.
(b) This includes equity instruments held by the individual and in a nominated trust.
(c) A Todd was awarded an additional grant of DSRs in 2019 in lieu of a grant that should have been awarded in 2017. This award had a service period of 11 May 2017 to 11 May 2020 as per other DSR awarded in 2017.
(d) All DSR and PR that vested during the year were exercisable. A Knowles has 49,484 vested DSR and PR which have not been exercised.

The maximum value of the grants yet to vest has been determined as the fair value of awards at the grant date. The minimum value is zero as no rights vest if the conditions are not satisfied.

5.6 Shareholdings

The number of ordinary shares held in Iress Limited during the financial year by each KMP is set out below for NED and Executive KMP respectively. 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 have a Minimum Shareholding Requirement to be met by 31 December 2022, or within three years of their appointment. They 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 2020	Shares acquired during the year	Other changes	Balance as at 31 Dec 2020	Value of Total Holdings as % of base fees
A D'Aloisio	49,402	2,879	0	52,281	226%
N Beattie	6,000	5,185	0	11,185	89%
J Cameron	36,668	5,758	0	42,426	339%
M Dwyer	0	–	0	0	0%
J Fahey	2,584	–	0	2,584	17%
J Hayes	13,788	1,438	0	15,226	103%
J Seabrook[a]	41,549	1,059	0	42,608	n/a
G Tomlinson	8,000	–	0	8,000	64%
T Vonhoff	0	13,879	0	13,879	121%
Total	**157,991**	**30,198**	**0**	**188,189**	

(a) J Seabrook's closing balance is at 7 May 2020, when she ceased to be KMP.

Iress executives have a Minimum Shareholding Requirement to be met by December 2023, or within five years of commencing. The CEO is required to accrue and hold Iress equity equivalent to 400% of base salary. Other executives are required to hold 225% of their base salary. This requirement only applies to equity granted under the new remuneration framework implemented in 2019. Unvested ER and TER count towards the requirement but unvested PR do not.

	Prior remuneration framework awards (pre 2019) and directly acquired shares				New remuneration framework awards (2019 and after)				
Executive KMP[a]	Balance as at 1 Jan 2020	Shares acquired during the year[b]	Other changes	Balance as at 31 Dec 2020[c]	Balance as at 1 Jan 2020	ER granted during the year	Balance as at 31 Dec 2020[c]	Value of Holding as % of base salary[d]	Value of Total Holdings as % of base salary[e]
A Walsh[f]	406,714	139,807	–	546,521	80,020	76,374	156,394	190%	758%
P Ferguson	21,597	16,844	(3,700)	34,741	26,288	14,762	41,050	125%	217%
J Harris	23,874	28,557	(28,013)	24,418	38,890	23,468	62,358	120%	161%
A Knowles[g]	13,164	25,678	(11,414)	27,428	40,808	23,750	64,558	n/a	n/a
C Lill	–	–	–	–	19,806	13,059	32,865	98%	98%
J McNeill	3,682	11,382	(6,215)	8,849	28,056	16,553	44,609	129%	152%
S New[f]	5,402	11,991	(6,547)	10,846	38,258	23,750	62,008	125%	143%
A Todd	–	15,561	(15,392)	169	43,493	23,846	67,339	127%	127%
Total	**474,433**	**249,820**	**(71,281)**	**652,972**	**315,619**	**215,562**	**531,181**		

(a) M Blomfield and J Das do not hold any Iress Limited shares. They are eligible to receive equity in 2021.
(b) Shares acquired by Executive KMP during the year were acquired on the exercise of DSR and PR or directly acquired.
(c) This includes equity instruments held individually and in trusts.
(d) The value of ER for the purpose of the MSR calculation is the higher of the grant price and share price at 31 December 2020, in both cases using the twenty trading day volume weighted average share price.
(e) For equity awarded under pre 2019 remuneration frameworks and directly acquired shares, the share price at 31 December 2020 (twenty-trading-day volume weighted average share price up to and including 31 December 2020) was used to calculate the value.
(f) Opening balances have been restated for A Walsh (to correct error in indirect holding disclosed in the 2 September 2020 Change of Director's Interest Notice) and S New (to include disposals of 5,766 shares in the prior year).
(g) A Knowles ceased to be subject to the MSR on 31 August 2020 due to the change in his role.

Directors' Report cont.

For the year ended 31 December 2020

5.7 Executive KMP service agreements

All Iress Executive KMP have a formal contract, known as a service agreement. These agreements are of an ongoing nature and have no set term of service.

The key terms of the service agreements for the CEO and other Executive KMP are summarised below. Executive KMP termination entitlements are limited to 12 months' base salary unless shareholder approval is received.

Criterion	Arrangements
Term of contract	Ongoing.
Notice period	Six months (from the employee and Group).
Resignation	The executive may resign by giving six months' written notice.
Termination on notice by Iress	Iress may terminate the employment agreement by providing six months' written notice, or payment in lieu of the notice period.
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[1].

(1) The non-compete period is up to 12 months for other members of the Executive KMP.

5.8 Transactions with KMP

No transactions (excluding share-based payment compensation) occurred between KMP and the Group during 2020.

5.9 Loans to KMP or related parties

No loans to KMP or related parties were provided during 2020.

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).

On behalf of the Directors.

Tony D'Aloisio
Chair

Andrew Walsh
Managing Director and Chief Executive Officer

Melbourne

17 February 2021

Auditor’s Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
477 Collins Street
Melbourne, VIC, 3000
Australia

Phone: +61 3 9671 7000
www.deloitte.com.au

17 February 2021

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 statements of Iress Limited for the financial year ended 31 December 2020, 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

DELOITTE TOUCHE TOHMATSU

Tom Imbesi

Tom Imbesi
Partner
Chartered Accountants

Financial Statements

For the year ended 31 December 2020

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 2020.

CONTENTS

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	Notes	2020 $'000	2019 $'000
Revenue from contracts with customers	1.3(a)	542,630	508,943
Customer data fees		(48,024)	(42,952)
Communication and other technology expenses		(54,654)	(43,339)
Employee benefit expenses	1.4	(285,250)	(269,075)
Net other expenses	1.6	(29,213)	(19,713)
Profit before depreciation, amortisation, interest and income tax expense		**125,489**	**133,864**
Depreciation and amortisation expense	1.7	(39,356)	(37,244)
Profit before interest and income tax expense		**86,133**	**96,620**
Interest income		438	547
Interest expense		(8,422)	(8,716)
Net interest and financing costs	**3.1(e)**	**(7,984)**	**(8,169)**
Profit before income tax expense		**78,149**	**88,451**
Income tax expense	4.1	(19,083)	(23,323)
Profit after income tax expense		**59,066**	**65,128**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(19,150)	10,775
Tax related to exchange differences recognised directly in foreign currency translation reserve[1]		(76)	39
Total other comprehensive (loss)/income for the period		**(19,226)**	**10,814**
Total comprehensive income for the period		**39,840**	**75,942**

		Cents per share	Cents per share
Earnings per share			
Basic earnings per share	1.2(a)	32.3	37.9
Diluted earnings per share	1.2(a)	32.0	37.6

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

(1) 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. 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.

Consolidated Statement of Financial Position

As at 31 December 2020

	Notes	2020 $'000	2019 $'000
ASSETS			
Current assets			
Cash and cash equivalents	1.8(a)	63,141	33,386
Receivables and other assets	2.4(a)	66,113	81,710
Current taxation receivables		2,845	200
Derivative assets	3.1(c)	1,739	-
Total current assets		**133,838**	**115,296**
Non-current assets			
Intangible assets	2.1(a)	734,098	619,748
Plant and equipment	2.2(a)	32,740	27,547
Right-of-use assets	2.3(c)	75,307	51,901
Deferred tax assets	4.1(c)	29,289	22,479
Total non-current assets		**871,434**	**721,675**
Total assets		**1,005,272**	**836,971**
LIABILITIES			
Current liabilities			
Payables and other liabilities	2.5	82,457	64,525
Lease liabilities	2.3(d)	13,383	9,179
Provisions	2.6(a)	5,914	6,669
Current taxation payables		486	5,253
Total current liabilities		**102,240**	**85,626**
Non-current liabilities			
Lease liabilities	2.3(d)	71,125	48,356
Provisions	2.6(a)	43,517	30,560
Borrowings	3.1(a)	188,433	225,914
Deferred tax liabilities	4.1(c)	12,095	9,789
Derivative liabilities	3.1(c)	-	1,820
Total non-current liabilities		**315,170**	**316,439**
Total liabilities		**417,410**	**402,065**
Net assets		**587,862**	**434,906**
EQUITY			
Issued capital	3.2	558,416	383,083
Share-based payments reserve		35,020	30,990
Foreign currency translation reserve		(5,093)	14,133
(Accumulated losses)/retained earnings		(481)	6,700
Total equity		**587,862**	**434,906**

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 2020

	Issued Capital[1] $'000	Share-based Payments Reserve $'000	Foreign Currency Translation Reserve $'000	Retained Earnings $'000	Total Equity $'000
Balance at 1 January 2019	**378,577**	**24,683**	**3,319**	**12,852**	**419,431**
Impact of change in accounting policy[2]	–	–	–	(2,110)	(2,110)
Adjusted balance at 1 January 2019	**378,577**	**24,683**	**3,319**	**10,742**	**417,321**
Profit for the year	–	–	–	65,128	65,128
Other comprehensive income	–	–	10,814	–	10,814
Total comprehensive income	**–**	**–**	**10,814**	**65,128**	**75,942**
Transactions with owners in their capacity as owners:					
Shares issued during the year[3]	448	–	–	–	448
Dividends declared[4]	4,058	–	–	(79,839)	(75,781)
Share-based payment expense, net of tax[5]	–	16,976	–	–	16,976
Transfer of share-based payments reserve[6]	–	(10,669)	–	10,669	–
	4,506	**6,307**	**–**	**(69,170)**	**(58,357)**
Balance at 31 December 2019	**383,083**	**30,990**	**14,133**	**6,700**	**434,906**

	Issued Capital[1] $'000	Share-based Payments Reserve $'000	Foreign Currency Translation Reserve $'000	Retained Earnings/ (Accumulated Losses) $'000	Total Equity $'000
Balance at 1 January 2020	**383,083**	**30,990**	**14,133**	**6,700**	**434,906**
Profit for the year	–	–	–	59,066	59,066
Other comprehensive loss	–	–	(19,226)	–	(19,226)
Total comprehensive (loss)/income	**–**	**–**	**(19,226)**	**59,066**	**39,840**
Transactions with owners in their capacity as owners:					
Shares issued during the year[3][7]	175,604	–	–	–	175,604
Share issue costs, net of tax[8]	(2,933)	–	–	–	(2,933)
Dividends declared[4]	2,662	–	–	(83,394)	(80,732)
Share-based payment expense, net of tax[5]	–	21,177	–	–	21,177
Transfer of share-based payments reserve[6]	–	(17,147)	–	17,147	–
	175,333	**4,030**	**–**	**(66,247)**	**113,116**
Balance at 31 December 2020	**558,416**	**35,020**	**(5,093)**	**(481)**	**587,862**

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

(1) For details of shares issued during the period please refer to Note 3.2.
(2) Impact of adopting AASB 16's modified retrospective approach under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019.
(3) Shares issued to satisfy Employee Share Plan obligations. Refer to Note 3.2.
(4) Shares issued under the Dividend Reinvestment Plan. Refer to Note 3.2. For dividends declared refer to Note 1.2(c).
(5) The share-based payment expense includes the tax impact of $0.157 million (2019: $0.68 million) on vesting of employee share-based payments.
(6) 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 has been recognised as a share-based payment expense over the vesting period. Details of share-based payment arrangements are provided in Note 1.5.
(7) Shares issued during the year from a share placement and share purchase plan. Refer to Note 3.2.
(8) Capitalised share issue costs incurred during the year.

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Notes	2020 $'000	2019 $'000
Cash flows from operating activities			
Cash generated from operating activities	1.8(b)	165,565	131,762
Interest received		438	538
Interest and borrowing costs paid		(7,314)	(5,911)
Interest on lease liabilities[1]	2.3(e)	(2,227)	(2,086)
Income tax paid[2]		(31,588)	(21,696)
Net cash inflow generated from operating activities		**124,874**	**102,607**
Cash flows from investing activities			
Payments for purchase of intangible assets	2.1(a)	(6,465)	(2,487)
Payments for purchase of plant and equipment	2.2(a)	(17,046)	(10,480)
Proceeds from sale of plant and equipment	2.2(a)	43	1,313
Payment for deferred consideration	2.6(b)	(1,620)	(1,436)
Payments for acquisition of subsidiaries & businesses, net of cash acquired	4.2	(114,208)	(20,411)
Net cash outflow utilised by investing activities		**(139,296)**	**(33,501)**
Cash flows from financing activities			
Proceeds from issue of share capital	3.2	175,000	-
Share issue costs paid	3.2	(4,108)	-
Proceeds from employee share plan repayments	3.2	604	448
Payment of lease liabilities[1]	2.3(d)	(10,334)	(10,189)
Repayment of borrowings within acquired entities	4.2(c)	(6,482)	-
Dividends paid		(80,722)	(75,882)
Proceeds from borrowings	3.1(b)	142,039	123,645
Repayment of borrowings	3.1(b)	(172,239)	(107,022)
Net cash inflow generated from/(outflow utilised by) financing activities		**43,758**	**(69,000)**
Net increase in cash and cash equivalents		**29,336**	**106**
Cash and cash equivalents at the beginning of the financial year		33,386	30,190
Effects of exchange rate changes on cash and cash equivalents		419	3,090
Cash and cash equivalents at end of the year		**63,141**	**33,386**

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

(1) In the prior period interest on lease liabilities was previously disclosed within cash flows from financing activities. To be consistent with other types of interest, the interest on lease liabilities is now disclosed within cash flows from operating activities.

(2) The increase in income tax paid during the current period compared to the corresponding prior period is as a result of changes in the timing of income tax instalment payments primarily in the UK and Australia.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

SECTION 1. FINANCIAL RESULTS

1.1. Segment information

Iress has a global presence, with the Managing Director and Chief Executive Officer, who is Iress' Chief Operating Decision Maker, receiving 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 segments which include the revenue less the direct costs of customer facing teams that oversee this revenue generation, 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 & superannuation business which provides financial planning systems and related tools to wealth management professionals located in Australia and New Zealand, and fund administration software to the superannuation and wealth management industries, and
- The operations of the recently acquired OneVue which provides administration platforms for managed funds, superannuation and investments.

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 & 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 quantum of 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.

Notes to the Consolidated Financial Statement cont.

For the year ended 31 December 2020

1.1. Segment information (continued)

(b) Cost segments (continued)

Corporate

All other corporate functions including legal, strategy, finance and administration, human resources, communications and marketing, board of directors and Chief Executive Officer.

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

The revenue, Segment Profit and reconciliation to the Group results are shown below:

		Operating Revenue[1]		Direct Contribution	
		2020 $'000	2019 $'000	2020 $'000	2019 $'000
Client segments	APAC	289,843	264,475	203,977	191,113
	UK & Europe	154,590	142,686	94,363	91,949
	Mortgages	26,925	29,026	18,102	19,151
	South Africa	42,931	48,304	33,928	37,503
	North America	28,341	24,452	11,009	10,364
	Total group	**542,630**	**508,943**	**361,379**	**350,080**
Cost segments	Product and Technology			(128,407)	(118,635)
	Operations			(42,619)	(42,707)
	Corporate			(37,435)	(36,676)
	Total indirect costs			**(208,461)**	**(198,018)**
Group results	**Segment Profit**			**152,918**	**152,062**
	Share-based payment expense			(21,020)	(17,701)
	Segment Profit after share-based payment expense			**131,898**	**134,361**
	Other non-operating expenses[2]			(6,409)	(497)
	Profit before depreciation, amortisation, interest and income tax expense			**125,489**	**133,864**
	Depreciation and amortisation			(39,356)	(37,244)
	Profit before interest and income tax expense			**86,133**	**96,620**
	Net interest and financing costs			(7,984)	(8,169)
	Income tax expense			(19,083)	(23,323)
	Net profit after income tax expense			**59,066**	**65,128**

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

(2) Predominately relates to office move costs, non-operating income, 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.

The below table outlines operating revenue and non-current assets by geographical area, being Australia and New Zealand, Asia, UK & Europe, South Africa and North America:

	Operating Revenue		Non-Current Assets[1]	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Australia & New Zealand	279,976	257,397	266,125	128,247
Asia	9,867	7,078	777	343
Total APAC	**289,843**	**264,475**	**266,902**	**128,590**
UK & Europe	181,515	171,712	475,559	491,685
South Africa	42,931	48,304	15,022	17,631
North America	28,341	24,452	9,355	9,389
Grand total	**542,630**	**508,943**	**766,838**	**647,295**

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

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 2020	Cents per share 2019
Earnings per share	**32.3**	37.9
Diluted earnings per share	**32.0**	37.6
Dividends per share:		
Interim dividend franked to 35% (2019: 10%)	**16.0**	16.0
Final dividend declared after the Statement of Financial Position date franked to 40% (2019: 40%)	**30.0**	30.0

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

	Number of shares 2020 '000	Number of shares 2019 '000
Weighted average number of ordinary shares used in basic earnings per share	182,995	171,980
Effect of potentially dilutive shares	1,411	1,457
Weighted average number of ordinary shares used in diluted earnings per share	**184,406**	**173,437**

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

	2020 $'000	2019 $'000
Dividends paid during the year		
Final dividend for 2019 30.0 cents per share franked to 40% (2018: 30.0 cents per share franked to 40%)	52,477	51,915
Interim dividend for 2020 16.0 cents per share franked to 35% (2019: 16.0 cents per share franked to 10%)	30,917	27,924
	83,394	**79,839**
Dividends declared after balance date		
Since the end of the year, the Directors declared a final dividend of 30.0 cents per share franked to 40% (2019: 30.0 cents per share franked to 40%)	57,998	52,477
Franking credit balance		
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2019: 30%)	7,921	2,055

Notes to the Consolidated Financial Statement cont.

For the year ended 31 December 2020

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 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
Software licence revenue	Access to software.	Software licence revenue is recognised over time as the customer simultaneously receives and consumes the benefit of accessing the software. Revenue is calculated based on the number of licences used and rate per licence, or as a negotiated package for large customers. Changes in these factors over time may impact the revenue recognised over the life of the contract. Software licence revenue is recognised as the amount to which the Group has a right to invoice. 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.
Implementation and consulting revenue	As defined in the contract. For implementation revenue – typically completion of data conversions, completion of user acceptance testing, provision of functional environments.	Revenue is recognised over time as services are delivered. Revenue from providing services is recognised in the accounting period in which the services are rendered. Revenue is calculated based on time and materials usage. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period. Recognition is determined based on the actual labour hours spent as a proportion of total expected hours. This requires judgment of the forecast expected hours and changes in implementation timing. 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.
Royalties revenue	Provision of financial market information.	Royalties revenue is recognised over time as the customer simultaneously receives and consumes the benefit of accessing the information. Royalties revenue is recognised as the amount to which the Group has the right to invoice. 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.
Other ancillary fees	Provision of hosting services, cloud services, support and maintenance services.	Over time, depending on circumstances.

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

Because the implementation services do not include material software customisation that are specific to the client 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 invoiced monthly and consideration is payable when invoiced.

(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
For the year ended 31 December 2019							
Software licence revenue	Over time	218,490	118,042	7,562	45,305	19,890	409,289
Implementation and consulting revenue	Over time	11,268	2,407	19,630	9	–	33,314
Royalties revenue	Over time	23,930	5,893	–	1,896	2,849	34,568
Other ancillary fees	Over time	10,787	16,344	1,834	1,094	1,713	31,772
Total revenue		**264,475**	**142,686**	**29,026**	**48,304**	**24,452**	**508,943**

Revenue stream	Revenue recognition	APAC $'000	UK & Europe $'000	Mortgages $'000	South Africa $'000	North America $'000	Total $'000
For the year ended 31 December 2020							
Software licence revenue	Over time	238,552	129,499	11,773	39,817	23,074	442,715
Implementation and consulting revenue	Over time	14,651	2,317	14,568	54	–	31,590
Royalties revenue	Over time	25,178	8,439	–	1,696	3,254	38,567
Other ancillary fees	Over time	11,462	14,335	584	1,364	2,013	29,758
Total revenue		**289,843**	**154,590**	**26,925**	**42,931**	**28,341**	**542,630**

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

	APAC $'000	UK & Europe $'000	Mortgages $'000	South Africa $'000	North America $'000	Total $'000
For the year ended 31 December 2019						
Trade receivables	14,309	17,325	557	3,075	1,522	**36,788**
Contract assets	3,398	8,256	5,189	380	–	**17,223**
Contract liabilities	(653)	(11,282)	(145)	(3)	–	**(12,083)**

	APAC $'000	UK & Europe $'000	Mortgages $'000	South Africa $'000	North America $'000	Total $'000
For the year ended 31 December 2020						
Trade receivables	18,445	9,364	557	1,597	758	**30,721**
Contract assets	6,789	5,827	3,432	349	–	**16,397**
Contract liabilities	(787)	(11,584)	(797)	–	(245)	**(13,413)**

Notes to the Consolidated Financial Statement cont.

For the year ended 31 December 2020

1.3 Revenue from contracts with customers (continued)

(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 contact assets and contract liabilities:

	Contract Assets		Contract Liabilities	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Balance at the beginning of the year	17,223	8,302	(12,083)	(4,915)
Transfer from contract assets to receivables	(17,154)	(8,302)	–	–
Revenue raised for work performed but not yet billed	15,891	16,997	–	–
Decrease due to revenue recognised from performance obligations satisfied	–	–	12,340	4,915
Increase due to cash received, excluding amount recognised during the year	–	–	(13,902)	(3,601)
Acquired from business combinations	–	–	–	(8,201)
Foreign currency translation	437	226	232	(281)
Balance at the end of the year	**16,397**	**17,223**	**(13,413)**	**(12,083)**

(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
2021	Software licence revenue	Over time	1,279	2,755	207	–	–	4,241
	Implementation and consulting revenue	Over time	1,604	1,012	1,977	–	–	4,593
	Other ancillary fees	Over time	–	–	–	–	489	489
	Total revenue		**2,883**	**3,767**	**2,184**	**-**	**489**	**9,323**
2022	Software licence revenue	Over time	–	610	–	–	–	610
	Total revenue		**-**	**610**	**-**	**-**	**-**	**610**
2023	Software licence revenue	Over time	–	622	–	–	–	622
	Total revenue		**-**	**622**	**-**	**-**	**-**	**622**
2024	Software licence revenue	Over time	–	635	–	–	–	635
	Total revenue		**-**	**635**	**-**	**-**	**-**	**635**
Total	Software licence revenue	Over time	1,279	4,622	207	–	–	6,108
	Implementation and consulting revenue	Over time	1,604	1,012	1,977	–	–	4,593
	Other ancillary fees	Over time	–	–	–	–	489	489
	Total revenue		**2,883**	**5,634**	**2,184**	**-**	**489**	**11,190**

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 licence, royalties and other ongoing contracts where the Group will recognise revenue in the amount to which the entity has a right to invoice.

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 a 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	2020 $'000	2019 $'000
Short-term and other employee benefits		(237,930)	(222,906)
Post-employment benefits		(19,189)	(17,081)
Termination benefits		(484)	(833)
Share-based payment expense	1.5(c)	(21,020)	(17,701)
Employee administration expense		(6,627)	(10,554)
		(285,250)	**(269,075)**

Key Management Personnel

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

	Notes	2020 $'000	2019 $'000
Short-term and other employee benefits		(5,637)	(5,237)
Long-term employee benefits		(69)	(70)
Post-employment benefits		(309)	(289)
Share-based payment expense		(5,205)	(4,333)
		(11,220)	**(9,929)**

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

Notes to the Consolidated Financial Statement cont.

For the year ended 31 December 2020

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 be met, such that 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 operates the following share-based payment plans:

<table>
<tr><th>Plan</th><th>Key terms</th><th>Performance condition</th><th>Performance/ Restriction period</th><th>Dividends received before vesting</th><th>If participant leaves before end of performance period</th></tr>
<tr><td>Executive Equity Rights - From 2019</td><td>Eligible participants receive equity rights at no cost.</td><td>Individual performance criteria</td><td>2 year vesting followed by 2 year holding lock</td><td>No but dividend equivalent “top-up” on vesting</td><td>Generally forfeited (Board discretion may apply)</td></tr>
<tr><td>Executive Transition Equity Rights - In 2019</td><td>Eligible participants receive equity rights at no cost.</td><td>Individual performance criteria</td><td>2 year vesting followed by 2 year holding lock</td><td>No but dividend equivalent “top-up” on vesting</td><td>Pro-rata portion of equity generally held subject to original terms (Board discretion may apply)</td></tr>
<tr><td>Executive PR Plan - CEO - From 2019</td><td>CEO receives performance rights at no cost.</td><td rowspan="2">Absolute total shareholder return (ATSR) against hurdles</td><td rowspan="2">3 years</td><td>No</td><td>Generally forfeited (Board discretion may apply)</td></tr>
<tr><td>Executive PR Plan - From 2019</td><td>Eligible participants receive performance rights at no cost</td><td>No</td><td>Generally forfeited (Board discretion may apply)</td></tr>
<tr><td>Executive PR Plan - CEO - Prior to 2019</td><td>CEO receives performance rights at no cost.</td><td rowspan="2">Total shareholder return (TSR) against peer group</td><td>3 years and 4 years</td><td>No</td><td rowspan="2">Generally forfeited (Board discretion may apply)</td></tr>
<tr><td>Executive PR Plan - Prior to 2019</td><td>Eligible participants receive performance rights at no cost.</td><td>3 years</td><td>No</td></tr>
<tr><td>Employee Deferred Share Plan - From 2019</td><td>Eligible participants receive deferred shares at no cost.</td><td rowspan="4">Individual performance criteria</td><td>3 years (Vesting in equal portions annually)</td><td>Yes</td><td rowspan="4">Generally forfeited (Board discretion may apply)</td></tr>
<tr><td>Employee Deferred Share Plan - Prior to 2019</td><td>Eligible participants receive deferred shares at no cost.</td><td>3 years</td><td>Yes</td></tr>
<tr><td>Employee Deferred Share Rights Plan - From 2019</td><td>Eligible participants receive deferred rights at no cost.</td><td>3 years (Vesting in equal portions annually)</td><td>Yes</td></tr>
<tr><td>Employee Deferred Share Rights Plan - Prior to 2019</td><td>Eligible participants receive deferred rights at no cost.</td><td>3 years</td><td>No</td></tr>
<tr><td>OneIress Equity award/ UK Share Incentive Plan</td><td>Eligible participants are invited to acquire Iress shares, Iress matches this participation to a set value.</td><td>Nil</td><td>3 years</td><td>Yes</td><td>Matched shares are forfeited under the UK Share Incentive Plan and granted under the General Employee Share Plan.</td></tr>
</table>

As at 31 December 2020, the total unvested shares in the OneIress Equity award were 106,225 (2019: 28,958). In addition there were 29 unvested share rights (2019:0).

(b) Grant date fair value

The grant date fair value of the Executive LTI Plans and the Employee Deferred Share Rights Plan are independently determined using a Monte Carlo simulation option pricing model using 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 are summarised below:

Grant date fair value

Key inputs in determining grant date fair value	Executive LTI Plan	Employee Deferred Share Rights Plan
Model used	Monte Carlo	Monte Carlo
Risk free rate	0.22% - 3%	0.22% - 3%
Share price volatility	22.5% - 27.5%	22.5% - 27.5%
Dividend yield	3.25% - 4.25%	3.25% - 4.25%

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.

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

			Number of shares					At grant date		Expenses
Type	Grant date	Vesting date	At 1 Jan 2020	Granted	Forfeited	Vested	At 31 Dec 2020	Share price $	Fair value $	2020 $'000
Executive Plans - CEO										
2016 Grant - 3 year	05 May 2016	05 May 2020	60,000	-	(10,800)	(49,200)	-	11.87	8.00	(41)
2016 Grant - 4 year	05 May 2016	05 May 2020	60,000	-	(21,600)	(38,400)	-	11.87	6.24	(32)
2017 Grant - 3 year	11 May 2017	11 May 2021	54,739	-	-	-	54,739	12.39	6.64	(91)
2017 Grant - 4 year	11 May 2017	11 May 2021	54,739	-	-	-	54,739	12.39	7.05	(97)
2017 Grant	11 May 2017	11 May 2020	47,575	-	-	(47,575)	-	12.39	10.86	(62)
2018 Grant - 3 year	10 May 2018	10 May 2022	45,605	-	-	-	45,605	10.86	5.75	(66)
2018 Grant - 4 year	10 May 2018	10 May 2022	45,605	-	-	-	45,605	10.86	5.78	(66)
2018 Grant	10 May 2018	11 May 2021	51,707	-	-	-	51,707	10.86	9.58	(165)
2019 Grant - PR pre 19	09 May 2019	09 May 2022	42,736	-	-	-	42,736	14.22	12.73	(182)
2019 Grant - ER	09 May 2019	26 Feb 2021	80,020	-	-	-	80,020	14.22	14.22	(632)
2019 Grant - PR	09 May 2019	28 Feb 2022	80,020	-	-	-	80,020	14.22	8.60	(245)
2020 Grant - ER	08 May 2020	28 Feb 2022	-	76,374	-	-	76,374	11.86	11.86	(325)
2020 Grant - PR	08 May 2020	28 Feb 2023	-	80,916	-	-	80,916	7.17	2.61	(49)
			622,746	**157,290**	**(32,400)**	**(135,175)**	**612,461**			**(2,053)**

Notes to the Consolidated Financial Statement cont.

For the year ended 31 December 2020

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
Type	**Grant date**	**Vesting date**	**At 1 Jan 2020**	**Granted**	**Forfeited**	**Vested**	**At 31 Dec 2020**	**Share price $**	**Fair value $**	**2020 $'000**
Executive Plans – Non-CEO										
2017 Grant	11 May 2017	11 May 2020	105,461	–	(38,706)	(66,755)	–	12.39	7.13	(91)
2018 Grant	10 May 2018	10 May 2021	170,470	–	–	–	170,470	10.86	5.79	(330)
2019 Grant – PR pre 19	09 May 2019	09 May 2022	133,502	–	–	–	133,502	14.22	12.73	(568)
2019 Grant – ER & TER	28 Feb 2019	26 Feb 2021	372,509	–	–	–	372,509	12.00	12.00	(2,282)
2019 Grant – PR	28 Feb 2019	28 Feb 2022	240,289	–	–	–	240,289	12.00	5.54	(469)
2020 Grant – PR	28 Feb 2020	28 Feb 2023	–	220,643	–	–	220,643	7.17	3.81	(235)
2020 Grant – ER	28 Feb 2020	28 Feb 2022	–	220,643	–	–	220,643	11.86	11.86	(1,099)
			1,022,231	**441,286**	**(38,706)**	**(66,755)**	**1,358,056**			**(5,074)**
Employee Deferred Share Plan										
2017 Grant[1]	11 May 2017	11 May 2020	546,901	–	(9,626)	(537,275)	–	12.39	12.39	(734)
2018 Grant	10 May 2018	10 May 2021	817,527	–	(59,588)	(5,218)	752,721	10.86	10.86	(2,414)
2019 Grant – EAG – A	28 Feb 2019	28 Feb 2020	294,018	–	(2,519)	(291,499)	–	12.00	12.00	(545)
2019 Grant – EAG – B	28 Feb 2019	26 Feb 2021	294,018	–	(21,966)	(2,295)	269,757	12.00	12.00	(1,539)
2019 Grant – EAG – C	28 Feb 2019	28 Feb 2022	295,441	–	(22,842)	(1,537)	271,062	12.00	12.00	(1,029)
2020 Grant – EAG – A	28 Feb 2020	26 Feb 2021	–	366,938	(16,313)	–	350,625	11.86	11.86	(3,507)
2020 Grant – EAG – B	28 Feb 2020	28 Feb 2022	–	366,938	(16,313)	–	350,625	11.86	11.86	(1,746)
2020 Grant – EAG – C	28 Feb 2020	28 Feb 2023	–	367,803	(16,348)	–	351,455	11.86	11.86	(1,168)
			2,247,905	**1,101,679**	**(165,515)**	**(837,824)**	**2,346,245**			**(12,682)**
Employee Deferred Share Rights Plan										
2017 Grant	11 May 2017	11 May 2020	173,523	–	(1,400)	(172,123)	–	12.39	10.86	(216)
2018 Grant	10 May 2018	10 May 2021	204,352	–	(2,337)	–	202,015	10.86	9.58	(640)
2019 Grant – EAG – A	28 Feb 2019	28 Feb 2020	11,631	–	–	(11,631)	–	12.00	12.00	(23)
2019 Grant – EAG – B	28 Feb 2019	26 Feb 2021	11,631	–	(817)	–	10,814	12.00	12.00	(61)
2019 Grant – EAG – C	28 Feb 2019	28 Feb 2022	11,691	–	(822)	–	10,869	12.00	12.00	(41)
2020 Grant – EAG – A	28 Feb 2020	26 Feb 2021	–	12,619	–	–	12,619	11.86	11.86	(126)
2020 Grant – EAG – B	28 Feb 2020	28 Feb 2022	–	12,619	–	–	12,619	11.86	11.86	(63)
2020 Grant – EAG – C	28 Feb 2020	28 Feb 2023	–	12,653	–	–	12,653	11.86	11.86	(41)
			–	–	–	–	–	–	–	–
			412,828	**37,891**	**(5,376)**	**(183,754)**	**261,589**			**(1,211)**
Total			**4,305,710**	**1,738,146**	**(241,997)**	**(1,223,508)**	**4,578,351**			**(21,020)**

The weighted average remaining contractual life of the above grants is 0.9 years (2019: 1.4 years).

(1) The opening balance has been restated to correct an error in the 2019 closing balance..

1.6 Other expenses

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

	Notes	2020 $'000	2019 $'000
Other operating income/(expenses)			
Fees to auditors	1.6(b)	(895)	(845)
Irrecoverable trade debtors written off		(637)	(807)
Credit loss allowances released to the profit and loss		50	392
Rental expense relating to operating leases		(170)	(184)
Other operating expenses[1]		(21,152)	(17,772)
		(22,804)	**(19,216)**
Other non-operating income/(expenses)			
Realised/unrealised (losses)/gains on foreign balances		(1,041)	533
Non-operating income		1,281	1,634
Business acquisition, integration and restructuring expenses[2]		(10,012)	(5,088)
Remeasurement of deferred acquisition consideration	2.6(b)	5,128	3,203
Release of deferred consideration provision	2.6(b)	–	576
Release of onerous loss provision		128	300
Release of severance pay provision	2.6(b)	23	315
Other non-operating expenses[3]		(1,916)	(1,970)
		(6,409)	**(497)**
Net other expenses		**(29,213)**	**(19,713)**

(1) Includes office related expenses, insurance premiums, professional and legal fees and marketing expenses.
(2) Includes $0.3 million of BC Gateway acquisition costs and $5.5 million of OneVue acquisition costs. Refer to Note 4.2(a) and Note 4.2(c).
(3) Comprises all other non-operating project related expenses.

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

	2020 $	2019 $
Auditors of the parent entity		
Audit or review of the financial report	(432,115)	(356,927)
Other non-audit services[1]	(8,000)	(74,449)
	(440,115)	**(431,376)**
Network firms of the parent entity auditor		
Audit or review of the financial report	(363,116)	(357,277)
	(363,116)	**(357,277)**
Other audit firms		
Audit or review of subsidiary financial statements	(91,691)	(56,511)
	(91,691)	**(56,511)**
Total fees to auditors	**(895,056)**	**(845,164)**

(1) Other services comprise assurance and other compliance reviews.

Notes to the Consolidated Financial Statement cont.

For the year ended 31 December 2020

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	2020 $'000	2019 $'000
Depreciation and amortisation expense			
Amortisation – intangible assets	2.1(a)	(16,072)	(14,825)
Depreciation – plant and equipment	2.2(a)	(10,807)	(11,118)
Depreciation – right-of-use assets	2.3(c)	(12,477)	(11,301)
		(39,356)	**(37,244)**

1.8 Notes to the Consolidated Statement of Cash Flows

(a) Cash and cash equivalents comprise cash at bank held in the following currencies:

	2020 $'000	2019 $'000
Australian dollar	32,634	14,325
Euro	1,735	1,666
British pound	11,699	5,781
United States dollar	3,634	1,731
South African rand	8,565	5,746
Other currencies	4,874	4,137
Total cash and cash equivalents	**63,141**	**33,386**

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

	Notes	2020 $'000	2019 $'000
Profit for the financial year		59,066	65,128
Adjustment for non-cash and non-operating cash flow items			
Depreciation and amortisation	1.7	39,356	37,244
Net credit loss allowances recognised on trade receivables	2.4(c)	(50)	(392)
Net provision reversed on employee benefits	2.6(b)	1,294	1,071
Net provision recognised on deferred payments	2.6(b)	(5,128)	(3,779)
Net provision recognised on the onerous losses	2.6(b)	(128)	(300)
Net provision recognised on other provisions	2.6(b)	(23)	(315)
Share-based payment expense	1.5(c)	21,020	17,701
Foreign exchanges losses/(gains)		1,041	(533)
Losses on sale of plant and equipment		33	74
Gains on derecognition of right-of-use-assets and lease liabilities	2.3(e)	(751)	(386)
Losses on the fair value recognition of the right-of-use-assets and lease liabilities	2.3(e)	788	–
Interest income		(438)	(538)
Interest expense		8,422	8,707
Income tax expense		19,083	23,323
Change in working capital, net of effects from acquisition of controlled entities			
Decrease/(increase) in receivables and other assets		24,301	(9,486)
Decrease in payables and other liabilities		(2,321)	(4,840)
Decrease in provisions		–	(917)
Net cash inflow generated from operating activities		**165,565**	**131,762**

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 the computer software was separately acquired, and initially recognised at cost. Subsequent to initial recognition, intangible assets other than goodwill are amortised over the expected useful lives noted below.

Internally generated assets will be recognised where the cost of actual development can be reliably measured and clearly distinguished from research and ongoing operating and maintenance activities. Given software development occurs contemporaneously with the research phase and operating and maintenance activities, 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 expenses the amounts in the period they are incurred. During the year, $3.6 million (2019: $0.4 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 $'000	Other Intangibles $'000	Total $'000
As at 31 December 2019					
Cost	528,676	57,419	207,664	8,399	**802,158**
Accumulated amortisation	–	(31,274)	(146,527)	(4,609)	**(182,410)**
Net carrying value	**528,676**	**26,145**	**61,137**	**3,790**	**619,748**
Balance at 1 January 2019	458,144	29,486	63,490	4,070	**555,190**
Acquired through business combinations[1]	54,822	1,618	10,455	–	**66,895**
Reclassified between asset categories[3]	–	–	(6,218)	–	**(6,218)**
Separately acquired	–	–	2,510	–	**2,510**
Disposal	–	–	(23)	–	**(23)**
Amortisation	–	(5,446)	(9,086)	(293)	**(14,825)**
Foreign currency translation	15,710	487	9	13	**16,219**
Closing carrying value	**528,676**	**26,145**	**61,137**	**3,790**	**619,748**
Expected useful life (years)		*1 to 10*	*3 to 20*	*1 to 10*	
As at 31 December 2020					
Cost	605,440	68,067	243,210	8,187	**924,904**
Accumulated amortisation	–	(34,639)	(151,743)	(4,424)	**(190,806)**
Net carrying value	**605,440**	**33,428**	**91,467**	**3,763**	**734,098**
Balance at 1 January 2020	528,676	26,145	61,137	3,790	**619,748**
Acquired through business combinations[2]	102,102	12,977	34,866	300	**150,245**
Separately acquired	–	–	2,832	–	**2,832**
Internally generated development costs	–	–	3,633	–	**3,633**
Amortisation	–	(5,081)	(10,681)	(310)	**(16,072)**
Foreign currency translation	(25,338)	(613)	(320)	(17)	**(26,288)**
Closing carrying value	**605,440**	**33,428**	**91,467**	**3,763**	**734,098**
Expected useful life (years)		*1 to 10*	*3 to 20*	*1 to 10*	

(1) Acquisition of QuantHouse Group on 31 May 2019.
(2) Acquisitions of BC Gateways, O&M Systems and OneVue during 2020. Refer to Note 4.2.
(3) Third party computer software held under finance lease arrangements was previously presented within intangible assets. As a result of the adoption of AASB 16 *Leases* the software asset was derecognised within intangible assets and re-recognised as a prepayment within trade and other receivables. There has been no change in the expense recognised.

Notes to the Consolidated Financial Statement cont.

For the year ended 31 December 2020

2.1 Intangible assets (continued)

(b) Impairment testing for goodwill

In accordance with the accounting standard AASB 136 *Impairment of Assets*, the Group has conducted a review of indicators of impairment during the year for each of the cash generating units (CGUs) to which goodwill has been allocated.

Goodwill is tested for impairment annually or more frequently whenever 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 that are 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 GDP growth in the country in which the CGU primarily operates.

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

	Allocated Goodwill		Post-Tax Discount Rates		Long Term Growth Rates	
Cash generating unit	**2020 $'000**	**2019 $'000**	**2020 %**	**2019 %**	**2020 %**	**2019 %**
APAC Financial Market	43,246	30,855	7.2	8.6	2.7	2.7
ANZ Wealth Management	48,060	45,841	7.2	8.6	2.7	2.7
International Market Data	5,384	5,448	10.5	11.8	2.0	2.0
UK	317,792	333,154	8.2	9.3	2.7	2.7
UK Mortgages	78,052	82,608	8.2	9.3	2.7	2.7
South Africa	13,939	15,542	17.6	18.3	4.7	4.7
Canada	15,153	15,228	8.6	9.2	2.0	2.0
Goodwill tested for impairment during 2020	**521,626**	**528,676**				
Provisional goodwill arising from the OneVue acquisition	83,814	–				
Total goodwill	**605,440**	**528,676**				

Based on the impairment testing performed, it was concluded that no impairment was required to be booked in the year to 31 December 2020.

As reported in Note 4.2(c) the provisional goodwill arising from the acquisition of OneVue on 6 November 2020 is $83.8 million. Due to the timing of the acquisition and the fact that the acquisition accounting is only provisional, the OneVue goodwill has not been included in the annual goodwill impairment test during 2020. Iress will allocate the goodwill to one or more CGUs for the purposes of testing for impairment once the acquisition accounting is completed during the 2021 financial year.

Significant estimates made

The cash flow projections included in the value in use models for each CGU assume that any delays in revenue as a result of COVID-19 are recovered in future periods. This assumption is based on the impact of COVID-19 observed during the 2020 financial year which has been limited to project delays. If COVID-19 does have a longer term material impact on revenue within a CGU, then it will result in reduced headroom or impairment of the goodwill allocated to that CGU.

The continued profitability and growth of the Canada business is dependent on retained client revenue and future growth from Iress' products deployed to Canadian clients and prospects in the financial markets business. If either of these initiatives are unsuccessful or delayed, it will result in reduced headroom or impairment of the goodwill allocated to the Canada CGU.

The UK Mortgages cash flow projections included in the value in use model have been adjusted for client projects that have been delayed as a result of COVID-19 and assumes that this revenue is recovered in future periods. The cash flow projections also assume an increased number of clients using the software provided by the business over the forecast period. If the business is not able to achieve the increased revenue from new client sales then it will result in reduced headroom or impairment of the goodwill allocated to the UK Mortgages CGU.

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
As at 31 December 2019						
Cost	13,184	15,771	1,943	61,624	548	**93,070**
Accumulated depreciation	(5,265)	(8,022)	(853)	(51,383)	–	**(65,523)**
Carrying value	**7,919**	**7,749**	**1,090**	**10,241**	**548**	**27,547**
Movement for the year						
Balance at 1 January 2019	9,799	9,464	1,403	10,185	–	**30,851**
Acquired through business combinations[1]	163	34	19	1,576	–	**1,792**
Reclassified between asset classes[3][4]	(1,523)	–	–	–	(1,748)	**(3,271)**
Separately acquired	1,241	532	24	6,387	2,296	**10,480**
Disposal	(494)	(6)	–	(887)	–	**(1,387)**
Depreciation	(1,291)	(2,307)	(357)	(7,163)	–	**(11,118)**
Foreign currency translation	24	32	1	143	–	**200**
Balance at 31 December 2019	**7,919**	**7,749**	**1,090**	**10,241**	**548**	**27,547**
Expected useful life (years)	*3 to 10*	*3 to 10*	*3*	*3*		
As at 31 December 2020						
Cost	17,445	16,492	2,361	64,551	7	**100,856**
Accumulated depreciation	(6,207)	(8,042)	(1,470)	(52,397)	–	**(68,116)**
Carrying value	**11,238**	**8,450**	**891**	**12,154**	**7**	**32,740**
Movement for the year						
Balance at 1 January 2020	7,919	7,749	1,090	10,241	548	**27,547**
Acquired through business combinations[2]	–	39	60	214	–	**313**
Reclassified between asset classes[3]	535	52	95	1,821	(2,503)	**-**
Separately acquired	4,844	2,831	23	7,172	2,176	**17,046**
Disposal	–	(68)	–	(8)	–	**(76)**
Depreciation	(1,634)	(1,924)	(362)	(6,887)	–	**(10,807)**
Foreign currency translation	(426)	(229)	(15)	(399)	(214)	**(1,283)**
Balance at 31 December 2020	**11,238**	**8,450**	**891**	**12,154**	**7**	**32,740**
Expected useful life (years)	*3 to 10*	*3 to 10*	*3*	*3*		

(1) Acquisition of QuantHouse Group on 31 May 2019.
(2) Acquisitions of O&M Systems and OneVue during 2020. Refer to Note 4.2.
(3) Work-in-progress are transferred to plant and equipment asset classes as brought into use.
(4) Leasehold improvements previously disclosed within plant and equipment are now disclosed as a component of the right-of-use assets.

(b) Plant and equipment pledged as security

The Group does not have any plant and equipment that have been pledged to secure borrowings of the Group. In addition, the Group does not have any obligations under finance leases, or any restrictions on title or items pledged as security for liabilities.

Notes to the Consolidated Financial Statement cont.

For the year ended 31 December 2020

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:

	2020 $'000	2019 $'000
Contractual rental payments	(12,561)	(12,275)
Depreciation expense on right-of-use assets	(12,477)	(11,301)
Interest expense on lease liabilities	(2,227)	(2,086)

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

	2020 $'000	2019 $'000
Settlement of lease liabilities	(10,334)	(10,189)
Interest expense on lease liabilities	(2,227)	(2,086)
Total cash outflows for leases	**(12,561)**	**(12,275)**

(b) Iress Group lease portfolio

The Group leases real estate and data servers in the ordinary course of its business. The Group's real estate leases comprise office building leases in the countries in which the Group operates. Data servers are leased in South Africa.

The Group's regional lease portfolio is presented below:

Region	Lease characteristic features
Australia	The Group leases office buildings in numerous Australian cities, with its head office in Melbourne and an office in Sydney being the most significant. 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. *Provision for make-good* 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. *Real estate sub-leases* The Group leased an office building in Sydney through a lease (the head lease) that commenced on 1 January 2013. The head lease terminated in February 2020. The Group has entered into a sub-lease that covers the period to the end of the head lease term. The sub-lease was accounted for as an operating lease.
South Africa	*Real estate leases* 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. *Data servers* The Group leases data servers which are principally used to host Iress software on client premises. Lease terms are five years.
United Kingdom	*Real estate leases* The Group leases office buildings in the UK. The non-cancellable period of these leases range from five to eight years. The lease payments are fixed with no increases over the lease terms. *Sub-leases* The Group leases an office building on a ten year lease (the head lease) that commenced on 1 January 2016. The Group had entered into a sub-lease that leased part of the office building. The sublease arrangement was terminated during the year along with the head lease. The sub-lease was accounted for as an operating lease.
Other	The Group leases other office buildings in other countries. The non-cancellable period of these leases range from three to eight. The lease payments are fixed with no increases over the lease terms.

(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 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 that are 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 2.83% (2019: 3.45%).

Lease payments included in the measurement of the lease liability comprise the following:

- 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, and
- 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 amount expected to be payable 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, a corresponding adjustment is made to the carrying amount of the right-of-use asset or 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 that have 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.

Notes to the Consolidated Financial Statement cont.

For the year ended 31 December 2020

2.3. Leases (continued)

(b) Iress Group lease portfolio (continued)

(ii) Group as a lessor

When the Group acts as a lessor, which is generally when it sub-leases property on which it has entered a head lease as a lessee, it determines at the sub-lease inception whether each sub-lease 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 sub-lease separately. The Group assesses the lease classification of a sub-lease 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 sub-lease 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'.

(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	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**	**2020 $'000**	**2019 $'000**
Cost	107,195	90,538	124	274	107,319	90,812
Accumulated depreciation	(31,898)	(38,688)	(114)	(223)	(32,012)	(38,911)
Carrying value	**75,297**	**51,850**	**10**	**51**	**75,307**	**51,901**
Opening carrying value	51,850	-	51	-	51,901	-
Change in accounting policy[1]	-	52,192	-	107	-	52,299
Acquired through business combinations	5,681	4,881	-	-	5,681	4,881
New leases entered into contract	33,881	6,744	-	1	33,881	6,745
Expenses capitalised to right-of-use assets	797	-	-	-	797	-
Disposal of leases from early termination	(1,720)	(792)	-	-	(1,720)	(792)
Fair value adjustments from modified leases	(1,201)	-	-	-	(1,201)	-
Depreciation	(12,442)	(11,247)	(35)	(54)	(12,477)	(11,301)
Foreign currency translation	(1,549)	72	(6)	(3)	(1,555)	69
Closing carrying value	**75,297**	**51,850**	**10**	**51**	**75,307**	**51,901**
Expected useful life (years)	*2 to 12*		*5*			

(1) Impact of adopting AASB 16's modified retrospective approach under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019.

(d) Lease liabilities

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

	2020 $'000	2019 $'000
Current	(13,383)	(9,179)
Non-current	(71,125)	(48,356)
Total	**(84,508)**	**(57,535)**

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

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

	2020 $'000	2019 $'000
Opening carrying value	(57,535)	–
Change in accounting policy[1]	–	(56,880)
Lease liabilities assumed in business combinations	(8,100)	(5,060)
Lease liabilities raised from the negotiation of new lease contracts	(33,881)	(6,532)
Lease liabilities reversed from early termination of lease contracts	2,471	1,178
Lease liabilities raised from changes to existing lease contracts	–	(119)
Lease liabilities raised from changes in subsequent lease payments	413	–
Lease liabilities incurred from rent free periods	–	(132)
Settlement of lease liabilities	10,334	10,189
Foreign currency translation	1,790	(179)
Closing carrying value	**(84,508)**	**(57,535)**

(1) Impact of adopting AASB 16's modified retrospective approach under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019.

(iii) Maturity analysis – contractual undiscounted cash flows:

	2020 $'000	2019 $'000
Less than one year	15,051	11,026
More than one year and not more than five years	53,803	38,996
More than five years	21,551	14,114
Total undiscounted lease liabilities at the end of the period	**90,405**	**64,136**

Notes to the Consolidated Financial Statement cont.

For the year ended 31 December 2020

2.3. Leases (continued)

(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	2020 $'000	2019 $'000
Depreciation expense on right-of-use assets	1.7	(12,477)	(11,301)
Interest expense on lease liabilities	3.1(e)	(2,227)	(2,086)
Expenses relating to short term or low value assets leases		(170)	(184)
Loss on the fair value recognition of the right-of-use-assets and lease liabilities as a result of incremental lease payments		(788)	-
Gain on the de-recognition of right-of-use assets and lease liabilities		751	386
Income from the sub-leasing of right-of-use assets		566	1,501

(f) Operating lease arrangements

As at 31 December 2020 the Group had no outstanding sublease arrangements for which the Group was the lessee under a head lease arrangement. The one outstanding sublease arrangement was terminated during the year along with the head lease.

2.4 Receivables and other assets

Trade receivables arise from revenue that has been 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 as disclosed in the table below, and where cash amounts are received in advance of revenue recognition it results in a contract liability as disclosed in Note 1.3(b).

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

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

	Notes	2020 $'000	2019 $'000
Trade receivables	2.4(d)	30,721	36,788
Credit loss allowance	2.4(b)	(1,720)	(1,718)
		29,001	**35,070**
Contract assets	1.3(b)	16,397	17,223
Prepayments		15,642	22,861
Deposits		901	1,043
Financial assets at fair value through profit or loss		396	26
VAT receivables		447	687
Other assets		3,329	4,800
		66,113	**81,710**

Included within receivables and other assets are financial assets categorised as financial assets 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 transactions 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, which are 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 as at 31 December 2019 is determined as follows:

Provision matrix As at 31 December 2019	**APAC**	**UK & Europe**	**South Africa**	**North America**
1 to 30 days	0.2%	0.5%	0.3%	1.0%
31 to 60 days	0.5%	0.6%	0.6%	1.5%
61 to 90 days	1.1%	2.1%	1.3%	2.2%
Over 90 days	1.1%	2.1%	1.3%	2.2%
Contract assets	0.1%	0.2%	0.1%	0.3%

Ageing of receivables As at 31 December 2019	**APAC $'000**	**UK & Europe $'000**	**South Africa $'000**	**North America $'000**	**Group $'000**
1 to 30 days	13,498	14,394	2,118	1,275	31,285
31 to 60 days	659	1,893	152	119	2,823
61 to 90 days	86	595	125	25	831
Over 90 days	66	1,000	680	103	1,849
Total trade receivables	**14,309**	**17,882**	**3,075**	**1,522**	**36,788**
Contract assets	3,398	13,445	380	–	17,223
Allowance based on historic credit losses	36	135	18	18	207
Adjustment for expected changes in credit risk[1]	80	940	374	117	1,511
Credit loss allowance	**116**	**1,075**	**392**	**135**	**1,718**

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

Notes to the Consolidated Financial Statement cont.

For the year ended 31 December 2020

2.4 Receivables and other assets (continued)

(b) Credit Loss Allowance (continued)

The credit loss allowance as at 31 December 2020 is determined as follows:

Provision matrix As at 31 December 2020	APAC	UK & Europe	South Africa	North America
1 to 30 days	0.2%	0.4%	0.3%	1.1%
31 to 60 days	0.4%	0.6%	0.6%	1.9%
61 to 90 days	0.9%	1.8%	1.2%	2.4%
Over 90 days	0.9%	1.9%	1.3%	2.4%
Contract assets	0.1%	0.2%	0.1%	0.2%

Ageing of receivables As at 31 December 2020	APAC $'000	UK & Europe $'000	South Africa $'000	North America $'000	Group $'000
1 to 30 days	17,525	8,483	1,362	710	28,080
31 to 60 days	511	630	34	16	1,191
61 to 90 days	22	54	54	12	142
Over 90 days	387	754	147	20	1,308
Total trade receivables	**18,445**	**9,921**	**1,597**	**758**	**30,721**
Contract assets	6,789	9,259	349	–	16,397
Allowance based on historic credit losses	46	71	7	9	133
Adjustment for expected changes in credit risk[1]	814	603	116	54	1,587
Credit loss allowance	**860**	**674**	**123**	**63**	**1,720**

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

Significant estimate made

The adjustment for material expected changes to credit risk for each client group requires judgment about future events and as such a significant increase in actual credit losses from that expected would lead to a significant impact on financial performance. To date, COVID-19 has not had a material impact on the credit risk profile of Iress' clients. However, the broader economic uncertainty as a result of COVID-19 could lead to a deterioration in the credit profile within the client base. Iress continues to monitor credit exposures closely and carefully.

(c) Movement in credit loss allowance

The movement in the credit loss allowance during the year is as follows:

	Notes	2020 $'000	2019 $'000
Balance at the beginning of the year		(1,718)	(1,553)
Credit loss allowances recognised during the year		(587)	(415)
Credit loss allowance utilised during the year against irrecoverable trade debtors		637	807
Acquired through business combinations		(242)	(520)
Foreign currency translation		190	(37)
Balance at the end of the year	2.4(a)	**(1,720)**	**(1,718)**

(d) Quality of trade receivables

The quality of trade receivables is monitored by the ageing of invoiced amounts yet to be received. The ageing at the end of the year is as follows:

	Notes	2020 $'000	2019 $'000
Neither past due nor impaired – less than 30 days		27,164	21,681
Past due but not impaired:			
+31 to 90 days		1,043	11,741
+91 days		794	1,648
Impaired		1,720	1,718
	2.4(a)	**30,721**	**36,788**

Receivables that are neither past due nor impaired comprise customers with a long term record of timely payments and/or no recent history of default arising from financial difficulty.

Receivables that are past due but not impaired comprise customers which do not have any objective evidence that the receivable may be impaired. Iress has actively engaged these customers and reasons for the invoices remaining outstanding are being actively resolved. A credit loss allowance is recognised where Iress has identified:

- Objective evidence that an amount owing may not be recoverable, mainly arising from observed financial difficulty of a customer, or
- A risk of expected credit loss based on the historical trend of credit losses.

Notes to the Consolidated Financial Statement cont.

For the year ended 31 December 2020

2.5 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 of 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	2020 $'000	2019 $'000
Current			
Trade payables		9,120	4,958
General accruals		23,191	17,700
Audit fee accruals		559	518
Taxation fee accruals		290	604
Contract liabilities	1.3(b)	13,413	12,083
GST/VAT payable		13,606	6,729
Finance arrangements		–	1,600
Employee related liabilities		19,174	17,605
Dividend payable		86	75
Accrued interest		437	325
Other liabilities		2,581	2,328
		82,457	**64,525**

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 as disclosed in Note 3.3.

Liquidity risk arises from current payables and other liabilities that are 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.

2.6 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 long service leave entitlements of employees.

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.

Significant estimates made

Non-current provisions contain $33.6 million (2019: $27.1 million) of deferred contingent consideration in relation to the acquisitions of QuantHouse in 2019 and BC Gateways in 2020.

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.

In respect of the deferred consideration arising from the QuantHouse acquisition, estimates have been established for expected revenue in the 2021 and 2022 financial years. If actual revenue differs from these estimates, including as a result of future disruption from the COVID-19 pandemic on current and prospective clients, the amounts of deferred consideration paid will change. The fair value of acquisition deferred consideration recorded as non-current at 31 December 2020 was $21.1 million based on a probability weighted assessment of likely revenue outcomes for the periods in question. The minimum and maximum amounts payable under these arrangements are $0 and $27.5 million respectively.

In respect of the deferred consideration arising from the BC Gateways acquisition, estimates have been established for expected client acquisitions and revenue in the 2021, 2022 and 2023 financial years. If actual client acquisitions and revenue differ from these estimates, including as a result of future disruption from the COVID-19 pandemic on prospective clients, the amounts of deferred consideration payable will change. The fair value of acquisition deferred consideration recorded at 31 December 2020 was $12.5 million based on a probability weighted assessment of likely revenue outcomes for the periods in question. The estimated potential range of likely outcomes of amounts payable under these arrangements is between $0 and $20 million.

Onerous losses represent the expected losses on non-cancellable property lease commitments which the Group no longer utilises. The amount provided for represents the present value of the future payments on the leases, net of expected income from sub-leasing the properties. These leases have expired in late 2020 and the provision is expected to be utilised in 2021.

The make good provision relates to restoration expenses which will be incurred upon termination of property leases in order to reinstate the leased properties to their original condition.

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

	2020 $'000	2019 $'000
Current provisions		
Employee benefits	1,610	5,210
Deferred consideration[1]	4,230	1,235
Onerous losses provision	64	192
Other provisions	10	32
	5,914	**6,669**

	2020 $'000	2019 $'000
Non-current provisions		
Employee benefits	9,926	3,484
Deferred consideration[1]	33,591	27,076
	43,517	**30,560**

(1) The deferred consideration relates to the QuantHouse and BC Gateways acquisitions. The current provision balance of $4.2m has been settled since 31 December 2020.

Notes to the Consolidated Financial Statement cont.

For the year ended 31 December 2020

2.6 Provisions (continued)

Significant estimate made (continued)

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

As at 31 December 2019	Employee Benefits $'000	Deferred Considerations $'000	Onerous Loss Provision $'000	Make Good Provision $'000	Other Provisions $'000	Total $'000
Opening carrying value	7,461	1,360	611	1,756	1,189	12,377
Change in accounting policy[1][2]	–	–	(119)	(1,756)	(1,199)	(3,074)
Assumed in business combination	288	32,527	–	–	348	33,163
Provision raised during the year	1,367	–	–	–	–	1,367
Provision reversed during the year	(296)	(3,779)	(300)	–	(315)	(4,690)
Provision utilised during the year	(130)	(1,436)	–	–	–	(1,566)
Foreign currency translation	4	(361)	–	–	9	(348)
Closing carrying value	**8,694**	**28,311**	**192**	**-**	**32**	**37,229**

As at 31 December 2020	Employee Benefits $'000	Deferred Considerations $'000	Onerous Loss Provision $'000	Make Good Provision $'000	Other Provisions $'000	Total $'000
Opening carrying value	8,694	28,311	192	–	32	37,229
Assumed in business combination	1,552	16,158	–	–	–	17,710
Provision raised during the year	1,294	–	–	–	–	1,294
Provision reversed during the year	–	(5,128)	(128)	–	(23)	(5,279)
Provision utilised during the year	–	(1,620)	–	–	–	(1,620)
Foreign currency translation	(4)	100	–	–	1	97
Closing carrying value	**11,536**	**37,821**	**64**	**-**	**10**	**49,431**

(1) Impact of adopting AASB 16 *Leases'* modified retrospective approach whereby amounts as at 1 January 2019 were either derecognised or transferred to lease liabilities.
(2) The provision for make good was previously disclosed as a provision. Upon the application of AASB 16 *Leases*, the amount was transferred to lease liabilities. There was no change in the amount recognised.

2.7 Commitments and contingencies

(a) Capital commitments

No capital expenditure has been contracted or provided for at balance date (2019: Nil).

(b) Contingencies

There are no material contingent liabilities that have been contracted or provided for at the reporting date (2019: Nil).

SECTION 3. DEBT AND EQUITY

3.1 Debt facilities and derivatives

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 29 April 2020, Iress refinanced its unsecured bank facilities totalling $300 million that were due to expire in November 2021. The amount of the unsecured bank facilities was increased to $405 million and the expiry date extended to April 2024. The covenant requirements remain unchanged.

(a) Details of borrowings held by the Group are as follows:

	2020 $'000	2019 $'000
NON-CURRENT		
4 year $300 million bank facility to November 2021		
AUD	–	87,500
GBP	–	113,377
EUR	–	25,623
4 year $405 million bank facility to April 2024		
AUD	48,500	–
GBP	107,123	–
EUR	34,403	–
Total amount drawn	**190,026**	**226,500**
Borrowing costs capitalised	(1,593)	(586)
Total borrowings	**188,433**	**225,914**

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

Not included in the table above is a $10 million multi-currency guarantee facility that is used for any bank guarantees required by the Group. As at 31 December 2020, $6.5 million (2019: $5.8 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 is shown as follows:

	2020 $'000	2019 $'000
Opening balance	225,914	204,389
Proceeds from borrowings	142,039	123,645
Repayments of borrowings	(172,239)	(107,022)
Net borrowing costs (capitalised)/amortised	(1,008)	651
Foreign exchange rate movements	(6,273)	4,251
Closing balance	**188,433**	**225,914**

Notes to the Consolidated Financial Statement cont.

For the year ended 31 December 2020

3.1 Debt facilities and derivatives (continued)

(c) Derivatives

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently revalued to fair value at the end of each reporting period.

The fair value of the derivatives is determined by first calculating the future cash flows that are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, and then discounting the future cash flows at a rate that reflects the credit risk of various counterparties.

Iress has the following cross currency swaps:

	2020 $'000	2019 $'000
CURRENT		
Assets at fair value		
3 year receive AUD/pay GBP to September 2021	1,739	–
NON-CURRENT		
Liabilities at fair value		
3 year receive AUD/pay GBP to September 2021	–	1,820

The cross currency swaps minimise unfavourable foreign exchange rate movements and also reduce the Group's cost of funding.

The fair value of the swaps is classified as Level 2 as the calculation is based on observable inputs. The change in the fair value during the year is due to the impact of the appreciation of the Australian dollar against the British pound. No credit risk adjustments have been recognised on the fair value of the derivatives as these are not material.

(d) 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 2019 Outflows/(inflows)	Within 1 year $'000	1-3 years $'000	Greater than 3 years $'000
4 year facilities – principal	–	226,500	–
Interest on borrowings	4,938	4,526	–
3 year cross currency swaps – principal exchange[1]	–	1,856	–
3 year cross currency swaps – interest[1]	(164)	(123)	–

31 December 2020 Outflows/(inflows)	Within 1 year $'000	1-3 years $'000	Greater than 3 years $'000
4 year facilities – principal	–	–	190,026
Interest on borrowings	3,420	6,841	1,140
3 year cross currency swaps – principal exchange[1]	(1,554)	–	–
3 year cross currency swaps – interest[1]	(108)	–	–

(1) Represents expected net cash exchange in AUD that occurs at settlement. Under the terms of the cross currency swaps, the settlements are on a gross basis where Iress receives AUD and pays GBP.

(e) Interest expense and financing costs

Interest expense 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 comprise the following:

	Notes	2020 $'000	2019 $'000
Interest income		438	547
Interest expense		(5,294)	(5,968)
Other financing costs comprising:			
Interest expense of lease liabilities	2.3(e)	(2,227)	(2,086)
Amortisation of borrowing costs		(1,042)	(651)
Translation (losses)/gains on intra-group financing arrangements		(3,397)	2,592
Fair value changes on cross currency swaps		3,508	(2,603)
Fair value changes on managed investment		30	–
Net interest expense and financing costs		**(7,984)**	**(8,169)**

3.2 Issued capital

On 1 June 2020, Iress announced the proposed issue of 14,395,394 ordinary fully paid shares through an Equity Placement and 1,919,386 ordinary fully paid shares under a Share Purchase Plan for total gross proceeds of $170 million.

The issuance of the shares under the equity placement was completed on 4 June 2020 and total proceeds, before fees, of $150 million were received.

The Share Purchase Plan closed on 29 June 2020 and was oversubscribed. The issue was increased by 479,844 shares and 2,399,230 shares were issued on 8 July 2020 for total proceeds, before fees, of $25 million.

The number of ordinary shares outstanding at the end of the year is as follows:

	Amount		Number of shares	
	2020 $'000	2019 $'000	2020 '000	2019 '000
Balance at 1 January	383,083	378,577	174,924	173,251
New shares issued to employees in relation to employee share schemes	–	–	1,370	1,308
Shares issued to meet obligations under the Dividends Reinvestment Plan	2,662	4,058	238	327
Shares issued under the Equity Placement[1]	147,227	–	14,395	–
Shares issued under the Share Purchase Plan	24,840	–	2,399	–
Shares issued under employee Share Purchase Plan	604	448	–	38
	558,416	**383,083**	**193,326**	**174,924**
Less Treasury Shares[2]	–	–	(2,514)	(2,442)
Number of shares on issue	**558,416**	**383,083**	**190,812**	**172,482**

(1) Shares issued during the year net of issue cost and tax.
(2) The change is due to the net movement in shares issued and shares vested under the Employee Share Plans.

Notes to the Consolidated Financial Statement cont.

For the year ended 31 December 2020

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 and cross currency swaps. 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 $0.9 million (2019: $1.1 million increase).

Foreign currency risk

GBP and EUR borrowings do not give rise to foreign currency risk to the Group as they are ultimately held in entities that have a GBP or EUR functional currency respectively.

The Group is exposed to foreign currency transaction risk mainly from intercompany balances denominated in foreign currency, the majority of which is mitigated by internal GBP/AUD cross currency derivatives. 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 is summarised below:

	2020 '000	2019 '000
Working capital denominated in foreign currency		
GBP	(1,222)	(12,041)
ZAR	44,374	31,280
AUD impact on profit or loss of a 1% increase in foreign currency rates		
GBP	(22)	(226)
ZAR	40	32

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 leverage ratio.

The Group's year end leverage ratio is outlined below:

	Notes	2020 $'000	2019 $'000
Net debt[1]		125,146	194,934
Segment Profit for the last twelve months	1.1(a)	152,918	152,062
Leverage ratio		**0.82**	**1.28**

(1) Measured as borrowings and net derivatives liabilities/assets less cash and cash equivalents.

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, as well as any adjustments to tax payable/receivable recognised in the current year which relate to taxable income/loss recognised in the Statement of Profit or Loss in prior years.

Current tax is measured using the applicable income tax rates which are enacted, or substantively enacted, 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, as well as 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/settled based on laws which have been enacted or substantively enacted 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 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.

Notes to the Consolidated Financial Statement cont.

For the year ended 31 December 2020

4.1 Taxation (continued)

(a) Income tax expense for the year including current and deferred tax is as follows:

	2020 $'000	2019 $'000
INCOME TAX EXPENSE RECOGNISED IN STATEMENT OF PROFIT OR LOSS		
Current income tax expense		
Current income tax charge	25,529	24,819
Adjustments in respect of current income tax of the previous year	(521)	3,416
	25,008	**28,235**
Deferred income tax expense		
Origination and reversal of temporary differences	(5,759)	(685)
Adjustments in respect of deferred income tax of the previous year	(166)	(4,227)
	(5,925)	**(4,912)**
Total income tax expense recognised in Statement of Profit or Loss	**19,083**	**23,323**
Income tax expense recognised in other comprehensive income		
Arising from gains or losses on long term monetary intercompany balances	(76)	39
Income tax expense recognised directly in equity		
Current tax credited directly to other reserves	(158)	809
Deferred tax credited directly to other reserves	(819)	(775)
Total income tax expense recognised in Other Comprehensive Income and Equity	**(1,053)**	**73**

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

	2020 $'000	2019 $'000
Profit from continuing operations before income tax expense	78,149	88,451
Tax at the Australian tax rate of 30% (2019: 30%)	**23,445**	**26,535**
Income tax expense adjustments:		
Effect of different tax rates in foreign jurisdictions	(2,761)	(3,441)
Effect of non-assessable income and non-deductible expenses	(1,402)	(617)
Adjustments for current and deferred tax of prior periods	(687)	(811)
Employee share plan	312	127
Unrecognised tax losses	176	1,530
Income tax expense	**19,083**	**23,323**

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

For the year ended 31 December 2019	Opening balance $'000	Charged to income $'000	Charged to OCI/Equity $'000	From business combinations $'000	Exchange differences $'000	Closing balance $'000
Deferred tax assets						
Receivables and other assets	176	(30)	–	–	–	**146**
Plant and equipment	4,853	(612)	–	–	195	**4,436**
Computer software	1,307	1,240	–	–	1	**2,548**
Payables and other liabilities	2,045	(877)	–	–	(94)	**1,074**
Provisions and accruals	4,931	4,057	–	–	11	**8,999**
Derivative liabilities	170	(700)	–	–	–	**(530)**
Carry forward tax losses	2,362	(124)	–	–	120	**2,358**
Capital transaction costs	1,133	(434)	(121)	–	–	**578**
Share-based payments	366	771	77	–	58	**1,272**
Leases	–	345	819	–	–	**1,164**
Other	457	(26)	–	–	3	**434**
Total deferred tax assets	**17,800**	**3,610**	**775**	**-**	**294**	**22,479**
Deferred tax liabilities						
Trade and other payables	–	(990)	–	–	–	**(990)**
Computer software	(380)	217	–	–	(28)	**(191)**
Intangible assets	(7,069)	1,361	–	(3,174)	(192)	**(9,074)**
Other financial assets	(248)	761	–	–	–	**513**
Employee share plan	–	(47)	–	–	–	**(47)**
Total deferred tax liabilities	**(7,697)**	**1,302**	**-**	**(3,174)**	**(220)**	**(9,789)**

For the year ended 31 December 2020	Opening balance $'000	Charged to income $'000	Charged to OCI/Equity $'000	From business combinations $'000	Exchange differences $'000	Closing balance $'000
Deferred tax assets						
Receivables and other assets	146	153	–	–	(12)	**287**
Plant and equipment	4,436	228	–	(8)	(259)	**4,397**
Computer software	2,548	28	–	(572)	–	**2,004**
Payables and other liabilities	1,074	2,191	–	128	(16)	**3,377**
Provisions and accruals	8,999	(1,101)	–	2,064	(31)	**9,931**
Derivative liabilities	(530)	1,052	–	–	–	**522**
Carry forward tax losses	2,358	91	–	–	(243)	**2,206**
Capital transaction costs	578	(462)	819	201	–	**1,136**
Share-based payments	1,272	2,250	–	–	(110)	**3,412**
Leases	1,164	327	–	546	(21)	**2,016**
Other	434	(433)	–	–	–	**1**
Total deferred tax assets	**22,479**	**4,324**	**819**	**2,359**	**(692)**	**29,289**
Deferred tax liabilities						
Trade and other payables	(990)	990	–	–	–	**-**
Computer software	(191)	(202)	–	–	16	**(377)**
Intangible assets	(9,074)	1,827	–	(4,226)	312	**(11,161)**
Other financial assets	513	(1,061)	–	(9)	–	**(557)**
Employee share plan	(47)	47	–	–	–	**-**
Total deferred tax liabilities	**(9,789)**	**1,601**	**-**	**(4,235)**	**328**	**(12,095)**

Notes to the Consolidated Financial Statement cont.

For the year ended 31 December 2020

4.1 Taxation (continued)

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

	2020 $'000	2019 $'000
Singapore (Tax rate 17.0%, 2019: 17.0%)	–	1,539
Hong Kong (Tax rate 16.5%, 2019: 16.5%)	121	135
France (Tax rate 28.0%, 2019: 28.0%)	73,214	66,707
Potential tax benefit	**20,520**	**18,962**

4.2 Businesses and investments acquired and divested

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Any contingent consideration is measured at fair value at the date of acquisition. If any obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Acquisition of subsidiaries

(a) BC Gateways

On 7 January 2020, Iress acquired a 100% interest in BC Gateways Limited, a blockchain communication platform provider based in Hong Kong and Australia.

Iress acquired the holding company, BC Gateways Limited via Iress International Holding Pty Ltd which is a company incorporated in Australia and ultimately 100% owned by Iress Limited.

The acquisition of BC Gateways will assist Iress in meeting the demand from financial institutions for cost-effective, automated and compliant technology.

Initial cash consideration of $1.5 million was paid with further milestone and earnout payments to be made to the sellers on the achievement of specific customer and revenue targets in the 2020, 2021 and 2022 financial years. The range of estimated possible outcomes for the milestone and earnout payments in total are $0 to $20 million.

The milestone payments and earnouts have been individually measured at the acquisition date based on the discounted present value of the expected payment achieved under the respective milestone and earnout formulae. In order to assess the expected outcome, Management made assumptions as to the probability of achieving the specific targets and the range of possible outcomes. These probability assumptions were made on the basis of financial forecasts available at the date of the acquisition.

The following table summarises consideration paid and payable and the fair value of net assets acquired at the date of acquisition:

	7 January 2020 $'000
Consideration	
Cash consideration	1,525
Fair value of contingent consideration ('the milestone payments and earnouts')	16,158
Total fair value of consideration	**17,683**
Assets acquired	
Cash and cash equivalents	1
Trade and other receivables	1
Intangible assets	2,929
Deferred tax liabilities	(572)
Fair value of assets acquired	**2,359**
Goodwill recorded on acquisition	**15,324**

Acquisition costs of $0.2 million are included in 'Business acquisition, integration and restructuring expenses'. Refer to Note 1.6.

The financial results of BC Gateways for the period since the acquisition date and included in the Group's Consolidated Statement of Profit or Loss for the year ended 31 December 2020 are not material to the Group's revenue and profit after tax.

(b) O&M Systems

On 17 March 2020, Iress completed the acquisition of 100% of the share capital of O&M Systems Limited (O&M). O&M provides pension and investment data and comparison tools to financial advisers in the UK. Established in 1992, O&M has over 2,000 clients comprising pension and platform providers and advice businesses.

O&M software will further strengthen Iress' already comprehensive advice offering in the UK. It will integrate directly into Iress' Xplan software and is immediately available to Iress' clients, as well as continuing as a stand alone research service.

The following table summarises consideration paid and payable and the fair value of net assets acquired at the date of acquisition:

	17 March 2020 $'000
Consideration	
Cash consideration	6,757
Total fair value of consideration	**6,757**
Assets acquired	
Cash and cash equivalents	2,161
Trade and other receivables	229
Intangible assets	3,770
Plant and equipment	21
Right-of-use assets	512
Payables and other liabilities	(1,623)
Lease liabilities	(552)
Deferred tax liabilities	(725)
Fair value of assets acquired	**3,793**
Goodwill recorded on acquisition	**2,964**

The financial results of O&M for the period since the acquisition date and included in the Group's Consolidated Statement of Profit or Loss for the year ended 31 December 2020 are not material to the Group's revenue and profit after tax for the year ended 31 December 2020.

In addition, the financial results of O&M for the period from 1 January 2020 to the acquisition date would not be material to the Group's revenue and profit after tax for the year ended 31 December 2020 if they had been consolidated into the results of the Group.

Notes to the Consolidated Financial Statement cont.

For the year ended 31 December 2020

4.2 Businesses and investment acquired and divested (continued)

Acquisition of subsidiaries (continued)

(c) OneVue

On 6 November 2020 Iress acquired 100% of the outstanding shares of OneVue (OneVue) via a Scheme Implementation Agreement with OneVue Holdings (OVH.ASX). OneVue is an ASX listed administration platform for managed funds, superannuation and investments. The business operates through two core divisions: Fund Services and Platform Services. OneVue has scale in Fund Services managed funds administration as the largest single third-party fund registry in Australia and third in Superannuation Member Administration.

Iress' strategy is to continue to generate long-term growth opportunities, leveraging technology and automation while helping clients achieve efficiency, compliance and growth. The combination of OneVue's position in administration in funds, super and investment, and Iress' strength in software and data will drive innovation through technology. This includes the development of software and services that connects advice and investments closer together, resulting in greater efficiency and productivity for professional advisers and businesses in Australia.

The following table summarises consideration paid and payable and the fair value of net assets acquired at the date of acquisition:

	6 November 2020 $'000
Consideration	
Cash consideration	115,210
Total fair value of consideration	**115,210**
Assets acquired	
Cash and cash equivalents	7,122
Trade and other receivables	6,043
Intangible assets	41,444
Plant and equipment	292
Right-of-use assets	5,169
Deferred tax assets	2,939
Interest-bearing loan	(6,482)
Payables and other liabilities	(14,229)
Lease liabilities	(6,988)
Provisions	(395)
Deferred tax liabilities	(3,518)
Fair value of assets acquired	**31,397**
Goodwill recorded on acquisition	**83,813**

The allocation of the purchase consideration outlined above remains provisional in relation to the fair valuation of certain intangible assets and tax accounting.

Acquisition costs of $5.5 million were incurred during 2020 and are included in 'Business acquisition, integration and restructuring expenses'. Refer to Note 1.6.

The revenue resulting from the operations of OneVue since acquisition and included in the Group's Consolidated Statement of Profit or Loss for the year ended 31 December 2020 was $7.9 million. OneVue's loss after tax since acquisition included in the Group's Consolidated Statement of Profit or Loss for the year ended 31 December 2020 was $0.3 million.

Had the acquisition of OneVue been effected at 1 January 2020, the revenue of the Group for the year ended 31 December 2020 would have increased by $40.3 million and the profit after tax of the Group for the year ended 31 December 2020 would have been reduced by $12.5 million.

4.3 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.

(a) Summary financial information

The individual financial statements for the parent entity, Iress Limited, show the following aggregate amounts:

	2020 $'000	2019 $'000
Current assets	168,790	214,482
Non-current assets	867,073	759,879
Total assets	**1,035,863**	**974,361**
Current liabilities	111,111	166,566
Non-current liabilities	188,555	238,989
Total liabilities	**299,666**	**405,555**
Net assets	**736,197**	**568,806**
Equity		
Issued capital	558,416	383,083
Reserves	35,051	31,021
Retained earnings	142,730	154,702
Total equity	**736,197**	**568,806**
Profit for the year[1]	54,275	46,421
Total comprehensive income	**54,275**	**46,421**

(1) Included within profit for the year is dividend income from subsidiaries of $85.0 million (2019: $87.0 million).

(b) Capital commitments and contingent liabilities

There are no material contingent liabilities or capital expenditure that have been contracted or provided for at the reporting date (2019: Nil).

Notes to the Consolidated Financial Statement cont.

For the year ended 31 December 2020

4.4 Subsidiaries

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

Australia
BC Gateways Pty Ltd[2]
Diversa Funds Management Pty Ltd[4]
Diversa Pty Ltd (formerly Diversa Ltd)[4]
FUND.eXchange Pty Ltd (formerly OneVue Private Clients Pty Ltd)[4]
Financial Synergy Pty Ltd[1]
Financial Synergy Actuarial Pty Ltd[1]
Financial Synergy Holdings Pty Ltd[1]
Glykoz Pty Ltd[4]
Group Insurance & Superannuation Concepts Pty Ltd[4]
Innergi Pty Ltd
Investment Gateway Pty Ltd (formerly MAP Financial Planning Pty Ltd)[4]
Iress Data Pty Ltd[1]
Iress Euro Holdings Pty Ltd[1]
Iress Information Pty Ltd
Iress International Holding Pty Ltd[1]
Iress South Africa (Australia) Pty Ltd[1]
Iress Spotlight Wealth Management Solutions (RSA) Pty Ltd[1]
Iress Wealth Management Pty Ltd[1]
Lucsan Capital Pty Ltd
Map Funds Management Pty Ltd[4]
No More Practice Education Pty Ltd[4]
No More Practice Holdings Pty Ltd[4]
OneVue Financial Pty Ltd[4]
OneVue Fund Services Pty Ltd[4]
OneVue Holdings Ltd[4]
OneVue Pty Ltd[4]
OneVue Services Pty Ltd[4]
OneVue Super Member Administration Pty Ltd[4]
OneVue Super Services Holdings Pty Ltd[4]
OneVue Super Services Pty Ltd[4]
OneVue UMA Pty Ltd[4]
OneVue Unit Registry Pty Ltd[4]
OneVue Wealth Services Ltd[4]
OneVue Wealth Solutions Pty Ltd (formerly OneVue Wealth Services Pty Ltd)[4]
Planning Resources Group Pty Ltd[1]
Top Quartile Management Pty Ltd[1]
Tranzact Consulting Pty Ltd[4]
Tranzact Financial Services Pty Ltd[4]
Tranzact Superannuation Services Pty Ltd[4]

Canada
Iress Canada Holdings Ltd
Iress (LP) Holdings Corp.
Iress Market Technology Canada LP
Iress (Ontario) Ltd
KTG Technologies Corp.
South Africa
Advicenet Advisory Services (Pty) Ltd
Iress Hosting (Pty) Ltd
Iress Financial Markets (Pty) Ltd
Iress MD RSA (Pty) Ltd
Iress Wealth MNGT (Pty) Ltd
United Kingdom
Iress FS Group Ltd
Iress FS Ltd
Iress Mortgage Services Ltd
O&M Systems Ltd[3]
O&M Life & Pensions Ltd[3]
Iress Portal Ltd
Iress Solutions Ltd
Iress Technology Ltd
Iress (UK) Ltd
Iress UK Holdings Ltd
Iress Web Ltd
Proquote Ltd
Pulse Software Systems Ltd
Pulse Software Management Ltd
TrigoldCrystal Ltd
Other countries
BC Gateways Ltd (Hong Kong)[2]
Iress Asia Holdings Ltd (Hong Kong)
Iress Malaysia Holdings Sdn Bhd (Malaysia)
Iress Market Technology (Singapore) Pte Ltd (Singapore)
Iress (NZ) Ltd (New Zealand)
Peresys Software Ltd (Ireland)
Waysun Technology Development Ltd (Hong Kong)[2]
QH Hold Co (Luxembourg)
QuantHouse SAS (France)
QuantHouse Sàrl (Tunisia)
QuantHouse Singapore Pte Ltd (Singapore)
QuantHouse UK Ltd (United Kingdom)
QuantHouse Inc. (United States of America)

(1) Iress Limited and its Australian subsidiaries entered into an ASIC Class Order and Deed of Cross Guarantee with Iress Limited in December 2014.
(2) Group acquired these entities on 7 January 2020.
(3) Group acquired these entities on 17 March 2020.
(4) Group acquired these entities on 6 November 2020.

4.5 Deed of cross guarantee

Iress Limited and a number of Australian wholly-owned subsidiaries as specified in Note 4.4 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:

	2020 $'000	2019 $'000
Profit before tax	103,507	66,878
Income tax expense	(16,477)	(16,399)
Net profit after tax	**87,030**	**50,479**
Retained earnings at the beginning of the year	(12,565)	7,081
Impact of change in accounting policy[1]	–	(955)
Dividends declared	(83,394)	(79,839)
Transfers from SBP reserve	17,163	10,669
Retained earnings at the end of the year	**8,234**	**(12,565)**

(1) Impact of adopting AASB 16's modified retrospective approach under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019.

Notes to the Consolidated Financial Statement cont.

For the year ended 31 December 2020

4.5 Deed of cross guarantee (continued)

(b) Consolidated Statement of Financial Position

	2020 $'000	2019 $'000
ASSETS		
Current assets		
Cash and cash equivalents	27,593	15,645
Receivables and other assets	28,856	27,546
Receivables from Iress Group companies outside the Deed	7,975	–
Current taxation receivables	935	208
Total current assets	**65,359**	**43,399**
Non-current assets		
Intangible assets	113,879	106,250
Plant and equipment	15,311	18,760
Right-of-use assets	26,913	33,204
Deferred tax assets	17,761	12,984
Investment in subsidiaries	548,579	414,149
Other financial assets	165,465	175,109
Total non-current assets	**887,908**	**760,456**
Total assets	**953,267**	**803,855**
LIABILITIES		
Current liabilities		
Payables and other liabilities	28,285	28,655
Lease liabilities	5,512	5,330
Provisions	4,777	6,634
Current taxation payables	–	1,684
Total current liabilities	**38,574**	**42,303**
Non-current liabilities		
Payables and other liabilities	50,846	50,851
Lease liabilities	25,443	31,374
Provisions	42,833	30,244
Payables to Iress Group companies outside the Deed	5,321	20,053
Borrowings	188,433	225,914
Deferred tax liabilities	577	692
Total non-current liabilities	**313,453**	**359,128**
Total liabilities	**352,027**	**401,431**
Net assets	**601,240**	**402,424**
EQUITY		
Issued capital	558,416	383,083
Share-based payments reserve	35,020	30,990
Foreign currency translation reserve	(430)	916
Retained earnings/(accumulated losses)	8,234	(12,565)
Total equity	**601,240**	**402,424**

4.6 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 2020. 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 17 February 2021;
- 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; and
- 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 2020 including the following:

AASB 3 *Business combinations* (amendments)	– *Definition of a business*
AASB 101 and AASB 108 (amendments)	– *Definition of material*
Conceptual Framework for Financial Reporting (updated 2018)	– *Amendments to and reference to the Conceptual Framework in IFRS Standards*
AASB 2019-3 Amendments to Australian Accounting Standards	– *Interest rate benchmark reform*
AASB 2019-5 Amendments to Australian Accounting Standards	– *Disclosure of the Effect of New IFRS Standards not yet issued in Australia*
AASB 2020-4 Amendments to Australian Accounting Standards	– *COVID-19 related rent concessions*

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 2020 reporting periods and have not yet been applied by the Company within this financial report:

AASB 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*(1)
AASB 17 *Insurance contracts*	– *Measurement of insurance liabilities*(2)
AASB 2020-1 Amendments to Australian Accounting Standards	– *Classification of liabilities as current or non-current*(3)
AASB 2020-3 Amendments to Australian Accounting Standards	– *Annual improvements 2018-2020 and other amendments*(3)

(1) Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.
(2) Effective for annual periods beginning on or after 1 January 2021.
(3) Effective for annual periods beginning on or after 1 January 2022.

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.

(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.

Notes to the Consolidated Financial Statement cont.

For the year ended 31 December 2020

4.6 Basis of preparation (continued)

(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 that exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation are recognised in the foreign currency translation reserve in the consolidated financial statements and are recognised in 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 that are 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.

If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

- 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; or
- 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 are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- 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 notes 2.4(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 that are 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.

Share capital represents the nominal value of equity shares issued. Share premium represents the excess over nominal value of the fair value of the consideration received for equity shares, net of direct issue costs.

Retained earnings include all current and prior year results as disclosed in the statement of comprehensive income. Retained earnings include realised and unrealised profits. Profits are considered unrealised where they arise from movements in the fair value of investment properties that are considered to be temporary rather than permanent.

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 and 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.

(d) Significant sources of estimation uncertainty

The following assets and liabilities recognised in the Consolidated Statement of Financial Position as at 31 December 2020 are subject to estimates made about future performance and as such require significant judgment:

(i) Goodwill

Significant judgment 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 judgment is required in the assumptions made in calculating the Group's credit loss allowance included within trade and other receivables. Refer to Note 2.4 for more detailed information.

(iii) Provision for deferred consideration

The Group's provision for deferred contingent consideration is recognised within 'Provisions' in the Consolidated Statement of Financial Position.

Deferred contingent 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. Refer to Note 2.6 for more detailed information.

4.7 The impact of the COVID-19 pandemic on these financial statements

Subsequent to 31 December 2019, there was a global outbreak of a novel strain of coronavirus (COVID-19), and on 11 March 2020, the World Health Organisation declared the coronavirus outbreak a pandemic. The global and domestic responses, including mandates from federal, state, and/or local authorities, to mitigate the spread of the virus continues to evolve rapidly and has impacted global commercial activity and contributed to significant volatility in financial markets.

Iress' key focus during this time has been the health and wellbeing of its people, and ensuring that they have been able to work safely and effectively on a remote basis, as well as providing service continuity for clients and users. While some people and teams in certain locations have started returning to the office as Government restrictions have lifted, the majority of Iress' people continue to work from home. For those offices that have reopened, Iress' focus has been on ensuring that workplaces are safe.

Operations have not been interrupted by COVID-19 and Iress continues to deliver all services and support to clients and users. Iress' teams, including business-critical teams, have been working well remotely and the business can continue to operate effectively in this manner for an extended period of time if required. Regular updates regarding business continuity are published on Iress' website.

Iress operates a subscription model and most of Iress' revenue is recurring in nature. Iress has a history of strong cash conversion and low debtor defaults. These features of Iress' commercial model have continued throughout the COVID-19 pandemic.

The majority of client implementation projects have continued since the onset of the COVID-19 pandemic, notwithstanding a short period of adjustment to the new environment. However, some projects, particularly in the UK Mortgages business, were temporarily delayed.

In addition, the Group is exposed to the broader economic uncertainty evident in all of Iress' markets as a result of COVID-19. This makes it difficult to forecast short-term financial performance.

At the date of this report, due to the resilience of Iress' business, Iress has not been eligible for, nor applied for, significant Government COVID-19 related support other than the deferral of certain VAT and payroll tax payments that were offered to all companies in the UK and NSW respectively. Iress settled the deferred payroll tax payments during the second half of 2020 and expects to settle the UK VAT liabilities within the next twelve months and as such they remain presented in the financial statements as current liabilities.

4.8 Transactions with related parties

There are no shareholders with substantial holdings that materially transacted with the Group during the year.

4.9 Events subsequent to the Statement of Financial Position date

On 17 February 2021, the Directors declared a final dividend of 30.0 cents per share franked to 40% totalling $58.0 million.

Other than the events above, there has been no other matter or 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.

Directors' declaration

31 December 2020

In the Directors' opinion:

(a) the financial statements and notes set out on pages 46 to 93 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; and
- (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial year ended on that date; and

(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; and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 4.4 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 4.5.

Note 4.6 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.

A D'Aloisio
Chair

A Walsh
Managing Director and Chief Executive Officer

Melbourne
17 February 2021

Independent Auditor’s Report

Deloitte.

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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 2020, 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:

(i) giving a true and fair view of the Group’s financial position as at 31 December 2020 and of its financial performance for the year ended on that date; and

(ii) 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 and 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 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.

Independent Auditor's Report cont.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Carrying value of goodwill in the UK Mortgages business Refer to Note 2.1 - Impairment assessment. As at 31 December 2020, the Group's goodwill totalled \$605.4 million which is allocated across the seven to the relevant Cash Generating Units (CGUs). Goodwill is required to be assessed for impairment on an annual basis or when any indicators of impairment exist. The UK Mortgages CGU was identified as having a heightened risk of impairment due to their dependency on securing key contracts and the achievement of forecast growth rates which require judgement. Included within the UK Mortgages CGU at 31 December 2020 is goodwill of \$78.1 million. The Group has prepared value in use models to determine the recoverable amount of the UK Mortgages CGU.	Our procedures included, but were not limited to: • Obtaining an understanding of the key controls associated with the preparation of the value in use models and assessing management's methodologies. With the assistance of our valuation specialists, we: • Assessed key assumptions, including forecast growth rates by comparing to economic and industry growth rates • Challenged the forecasted revenue for the UK Mortgages CGU with reference to: - review of the historical accuracy of forecasting of the Group - evaluation of current pipeline and historical pipeline conversion rate • Evaluated discount rates used to assess the cost of capital for the UK Mortgages CGU against comparable organisations • Agreed the cash flow forecast with the latest Board approved four year financial plan for the UK Mortgages CGU • Recalculated the cash flow models for mathematical accuracy • Assessed the net present value of the UK Mortgages CGU in local currency to the carrying values in local currency. We also performed a sensitivity analysis to stress test the key assumptions used in the value in use models, including revenue growth, terminal growth rates and discount rates used. We have assessed the appropriateness of the disclosures included in Note 2.1 to the financial statements.

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Acquisition accounting of OneVue Holdings Limited	With respect to the accounting for the OneVue acquisition, we performed the following procedures in conjunction with our valuation specialists:
Refer to Note 4.2 – Businesses and investment acquired and divested. On the 6th November 2020, the Group acquired 100% interest in OneVue Holdings Limited for a total consideration of circa $115 million by way of a Scheme Implementation Agreement. OneVue Holdings Limited is an administration platform for managed funds, superannuation and investments. Accounting for this transaction is a complex and judgemental exercise, requiring management to determine the fair value of acquired assets and liabilities, in particular determining the allocation of purchase consideration to goodwill. Due to the timing of the acquisition, the purchase price accounting for OneVue Holdings Limited will be provisional within the Iress Limited 31 December 2020 financial statements.	Determination of purchase price: • Reviewed the Board approved purchase contract to understand the contractual terms concerning assets acquired, liabilities assumed and the purchase price • Reviewed the actual year-to-date performance of the OneVue business since the date of acquisition Determination of fair value of assets and liabilities acquired: • Reviewed a copy of the external valuation report and assessed the underlying assumptions used to determine the fair values of the assets acquired and liabilities assumed as part of the acquisition • Assessed the objectivity and competence of the external valuation specialist used by management • Evaluated and challenged management's methodology for the identification of, and the determination of fair values of the assets acquired and liabilities assumed, including any fair value adjustments. As part of this we considered the valuation method used, underlying forecast cashflow, comparable transactions, discount rates and tax rates. We have also assessed the appropriateness of the disclosures included in Note 4.2 of the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 31 December 2020, but does not include the financial report and our auditor's report thereon.

Independent Auditor's Report cont.

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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.

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- 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 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.

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 in pages 24 to 44 of the Directors' Report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of Iress Limited, for the year ended 31 December 2020, 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Tom Imbesi

Tom Imbesi
Partner
Chartered Accountants
Melbourne 17 February 2021

Shareholder information

The shareholder information set out below was applicable as at 31 December 2020.

Distribution of members and their holdings:

	Number of shareholders	Number of shares	% of issued capital
1 to 1,000	4,829	2,137,244	1.11
1,001 to 5,000	4,019	9,369,780	4.85
5,001 to 10,000	770	5,469,556	2.83
10,001 to 100,000	454	9,488,229	4.91
100,001 and over	48	166,861,654	86.30
Total	**10,120**	**193,326,463**	**100.00**

Substantial shareholders:

	Number held	%
GREENCAPE CAPITAL PTY LIMITED	16,012,570	8.28
FIRST SENTIER INVESTORS	10,282,718	5.32
Total substantial shareholders	**26,295,288**	**13.60**
Balance of register	167,031,175	86.40
Total	**193,326,463**	**100.00**

20 largest shareholders of quoted equity securities

Rank	Name	Number held	% of issued shares
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	65,589,104	33.93
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	28,271,651	14.62
3	CITICORP NOMINEES PTY LIMITED	21,945,654	11.35
4	NATIONAL NOMINEES LIMITED	12,534,618	6.48
5	BNP PARIBAS NOMINEES PTY LTD [AGENCY LENDING DRP]	6,664,582	3.45
6	AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	5,471,523	2.83
7	BNP PARIBAS NOMS PTY LTD [DRP]	3,645,127	1.89
8	PACIFIC CUSTODIANS PTY LIMITED [EQUITY PLANS TST]	2,937,000	1.52
9	PACIFIC CUSTODIANS PTY LIMITED [IRE PLANS]	2,115,892	1.09
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED [NT-COMNWLTH SUPER CORP]	1,827,621	0.95
11	ARGO INVESTMENTS LIMITED	1,417,413	0.73
12	MIRRABOOKA INVESTMENTS LIMITED	1,220,000	0.63
13	CITICORP NOMINEES PTY LIMITED [COLONIAL FIRST STATE INV]	1,160,223	0.60
14	DJERRIWARRH INVESTMENTS LIMITED	1,069,000	0.55
15	NAVIGATOR AUSTRALIA LTD	869,542	0.45
16	AVANTEOS INVESTMENTS LIMITED	806,957	0.42
17	AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	662,023	0.34
18	AMCIL LIMITED	645,000	0.33
19	POWERWRAP LIMITED	604,363	0.31
20	NETWEALTH INVESTMENTS LIMITED [WRAP SERVICES]	584,608	0.30
Total top twenty shareholders		**160,041,901**	**82.78**
Balance of register		33,284,562	17.22
Total		**193,326,463**	**100.00**

Corporate directory

Directors	A D'Aloisio	Chair since August 2014 and Independent Non-Executive Director since June 2012
	A Walsh	Managing Director and Chief Executive Officer since October 2009
	N Beattie	Independent Non-Executive Director since February 2015
	J Cameron	Independent Non-Executive Director since March 2010
	M Dwyer[1]	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
	J Hayes	Independent Non-Executive Director since June 2011 and Chair of the Audit & Risk Committee since June 2011
	J Seabrook[2]	Independent Non-Executive Director since August 2008, fourth and final term as a Director ended at the AGM in May 2020
	G Tomlinson	Independent Non-Executive Director since February 2015
	T Vonhoff[1]	Independent Non-Executive Director since February 2020
Company Secretary	P Ferguson	
Registered Office	Level 16, 385 Bourke Street 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	
Stock Exchange Listing	Iress Limited shares are quoted on the Australian Securities Exchange under the code: IRE	
Auditor	Deloitte Touche Tohmatsu	

(1) Appointed on 1 February 2020.
(2) Final term ended on 7 May 2020.

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Annual Report 2020