

ASX Release 12 April 2022

Iress ceases divestment of UK Mortgages business

Iress Limited (IRE.ASX) today announced that it has decided not to proceed with the divestment of its UK Mortgages business.

Iress chief executive, Andrew Walsh, said: "As part of a Board-led strategy review in 2021, it was decided that Iress would explore potential opportunities to divest its Mortgages business. This decision reflected the potential to achieve higher returns under new ownership, and to redeploy the anticipated sale proceeds to enhance returns to Iress shareholders.

"We stated at the outset of this divestment process that we would be disciplined both on price and the future owner's credentials. After a thorough and well considered process, we have concluded that the best outcome for our shareholders, clients and people is for Iress to retain the business.

"The Mortgages business continues to perform strongly, contributing £16.1m of revenue and £6.4m of NPAT in 2021. In recent months, Mortgages has increased its pipeline of opportunities as lenders demand greater scale, efficiency and automation in mortgage processing.

"During the sale process, global market volatility increased and technology company valuations declined. It became evident that purchasers' valuations were likely to be below levels that represent a reasonable return to Iress' shareholders. As a result, the Board has decided to cease the divestment process and retain the business.

"Highlighting Iress' commitment to the business, we will continue to invest in the Mortgages business to execute on the strategic growth opportunity.

"By making this decision and communicating it now, we aim to bring clarity and certainty to our clients, people and shareholders. We are moving forward with creating the right environment for Mortgages to succeed and achieve its potential, while at the same time complementing Iress' delivery of its 2025 growth ambitions."

2022 outlook reaffirmed

In announcing its 2021 full year financial results, Iress issued guidance for 2022 including and excluding the contribution from Mortgages for the year. With the divestment process ceasing, we will now use the estimates including Mortgages as the benchmark for performance.

In 2022, including Mortgages for the full 12 months, Iress reaffirms the following guidance:

- **Segment profit** expected to grow by 7-10%

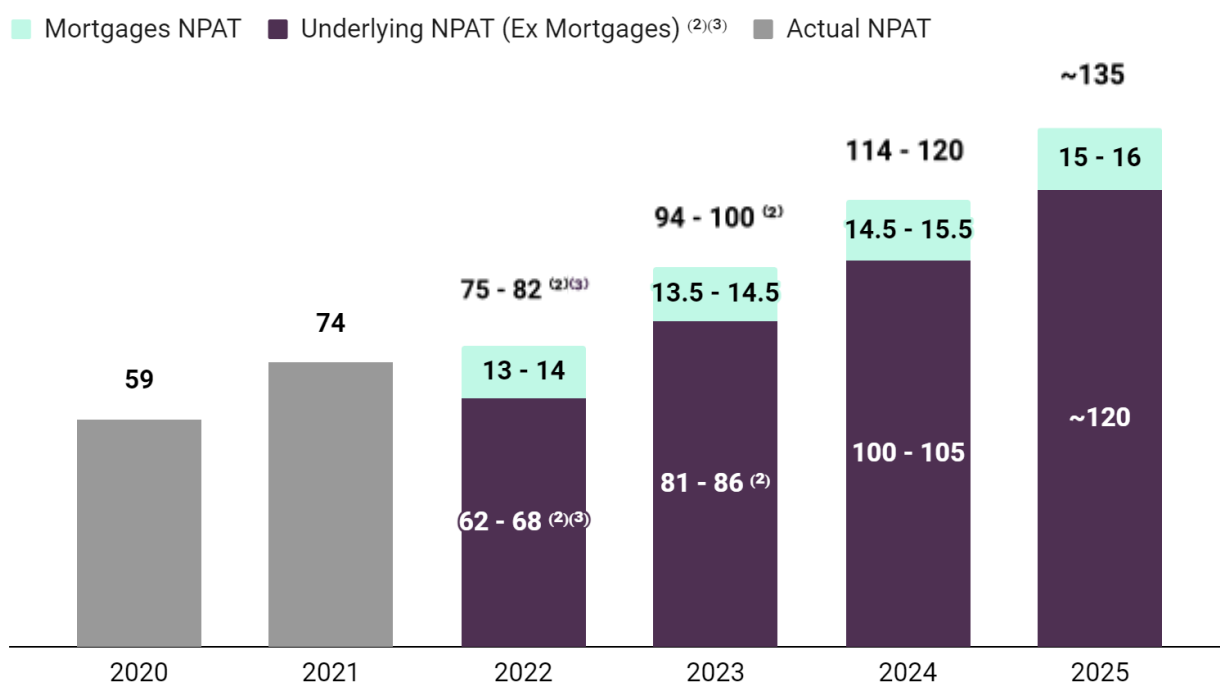
- **Underlying NPAT** is expected to grow by 25-37%
- **2022 underlying EPS** in the range of 40 cps to 44 cps on a constant currency basis.

2025 targets upgraded for inclusion of Mortgages⁽¹⁾

The 2025 targets assumed the sale of Mortgages in 2022. We now include the expected contribution from Mortgages in the 2025 targets as shown in the graph below.

The targets for the group excluding Mortgages remain unchanged. Including Mortgages, the NPAT base targets for 2025 have been upgraded from ~\$120m to ~\$135m.

It was intended that the net proceeds from the sale of Mortgages would be distributed to shareholders. As a result, EPS and ROIC targets including Mortgages remain unchanged. Additionally, Iress intends to complete the \$100m share buy program currently underway.



⁽¹⁾ Figures are presented on a constant currency basis converted at the average foreign exchange rates used for 2020.

⁽²⁾ Underlying NPAT (excluding Mortgages), excludes post tax of investment in Iress' single technology platform.

⁽³⁾ 2022 Underlying NPAT is presented using the average 2020 foreign exchange rates. Using the average 2021 foreign exchange rates, 2022 Underlying NPAT (incl Mortgages) is \$74m - \$81m and excluding Mortgages is \$61m - \$67m as presented in the FY21 Results - Investor Presentation.

Ends

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About Iress

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

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

Our software is used by more than 10,000 businesses and 500,000 users globally. We have over 2,250 people based in Asia-Pacific, North America, Africa, the UK and Europe.

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