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FY24 Results Presentation

Michael Kelly (Founder and CEO) and Ian Lynagh (CFO)

26 February 2025

The FINEOS Playbook – A powerful culture with a singular focus

FINEOS Mission

“Global market leader in core systems for group and individual Life Accident and Health insurance on a single technology platform”



Vision

A world where protection from illness, injury and loss is **accessible to everyone**



Purpose

We help our customers care for the people they serve through the delivery of **superior insurance technology**

FY24¹ Financial Highlights

FINEOS transitioning to a higher quality subscription revenue business with improving margins

**Subscription
Revenue
€69.9m**

Up 6.6% on CY23
Subscription revenue now
represents 52.5% of total revenue

**ARR
€71.2m
at 31 December'24**

Up 9.0% on 31 December 2023

**Total
Revenue
€133.2m**

Up 6.9% on CY23

**Gross Profit
€100.4m
GP margin 75.4%**

GP margin up from 70.8% in CY23

**EBITDA
€20.2m
EBITDA margin 15.2%**

EBITDA margin
up from 7.6% CY23

**Cash Position
€19.8m
at 31 December'24**

No debt



FY24 Operational Highlights

**Guardian live on FINEOS
AdminSuite
New York Life -
GBS launched Voluntary
Benefits on FINEOS
AdminSuite**

**Important Customer Success milestones
for the FINEOS Platform for Employee
Benefits**

**Success in growth and cost
efficiency continues to improve
operating margins**

**Further cost and automation
efficiencies planned in FY25**

**FINEOS New Business &
Underwriting product rewrite
was completed as SaaS cloud
native completed in Q4 2024**

**FINEOS NB/U available for sale – now an
integral component of FINEOS
AdminSuite**

**Won 2 new name US deals for
FINEOS Absence (IDAM) in
H2 2024 – Voya & Equitable**

**Further strengthens FINEOS
Absence and FINEOS Claims as
the market leader**

**FINEOS Absence for
Employer now live with 2
large US employers since Q3
and Q4 2024 respectively**

**FINEOS Absence for Employers
ready for market**

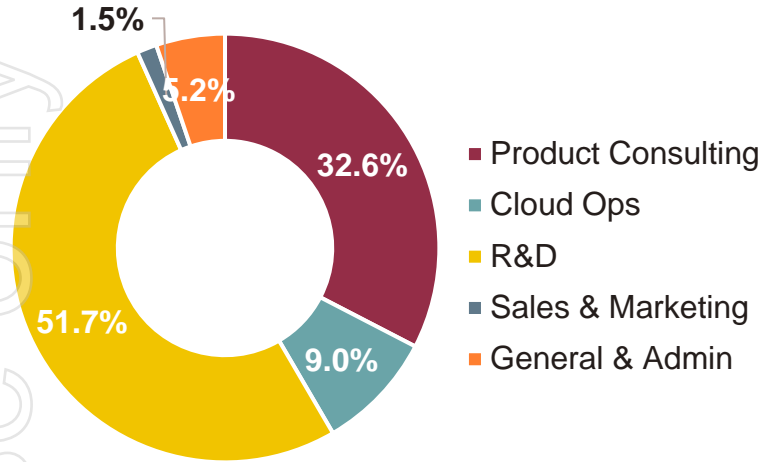
**Growing partnerships with
North American system
integrators**

**Working with 2 SI's to implement
our 2 new deal wins in FY24**

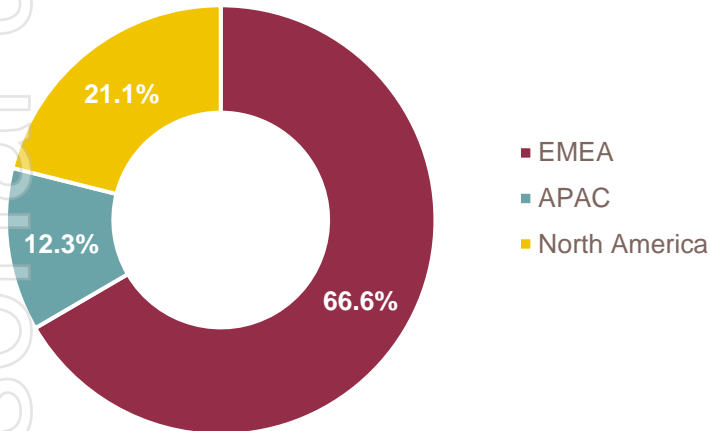


Our People – Key asset of the business

Employees by Function



Employees by Region



- Average Product Consulting utilisation for the period was 85% (CY23: 87%)
- Employee Retention of over 90%
- Scaling of FINEOS India continues across Cloud Operations, Product Consulting and R&D functions.
- Move to hiring in lower cost regions a major focus as part of cost efficiency program
- 14.9% are contract resources in FY24 down from 15.3% in CY23

85%
Utilisation

>90%
Employee Retention

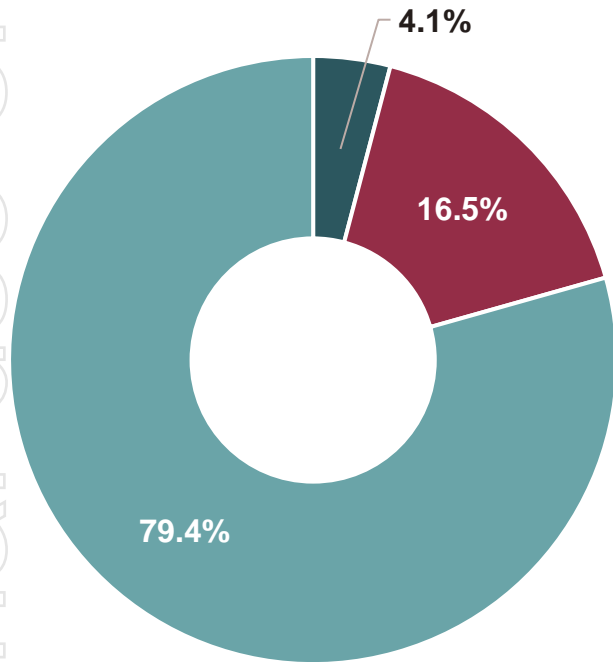
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People



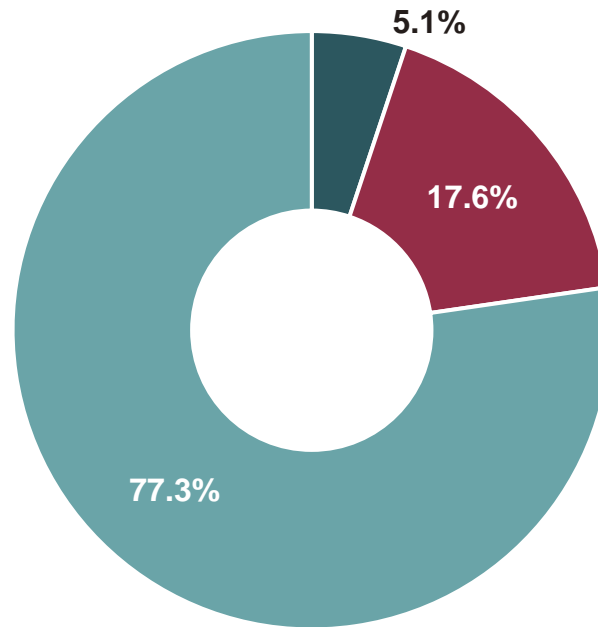
Geographic mix of revenues

Aligned with our investment strategy North America continues to remain the dominant regional source of revenue at 79.4% of total revenue in FY24

FY24 revenue by region



CY23 revenue by region



■ EMEA ■ APAC ■ North America

Changes to revenue growth by region

- North American revenue represents 79.4% of total revenue, up from 77.3% in CY23
- APAC overall revenue increased by 0.3%, in line with CY23
- Europe region down 14.4% on CY23 as new client acquired in Q4 2022 has moved into business-as-usual mode



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FY24 – Financial Slides

Income Statement

Income Statement	FY24	CY23	% Change
	€m	€m	
Subscriptions	69.9	65.6	6.6%
Services	62.2	58.7	6.0%
Initial licence fees	1.1	0.4	198.5%
Total revenue	133.2	124.7	6.9%
Cost of sales	(32.8)	(36.4)	(9.9%)
Gross profit	100.4	88.3	13.8%
Gross profit margin	75.4%	70.8%	
Total operating expenses	(80.2)	(78.8)	1.8%
EBITDA	20.2	9.5	112.8%
EBITDA margin	15.2%	7.6%	
Depreciation	(1.6)	(1.8)	(15.0%)
Amortisation	(25.6)	(23.5)	9.2%
EBIT	(7.0)	(15.8)	(55.8%)
Net interest expense	0.3	(0.4)	(182.9%)
Loss before tax	(6.7)	(16.2)	(58.6%)
Income tax credit	0.9	2.5	63.5%
Loss after tax	(5.8)	(13.7)	(57.8%)
Profit after tax but before amortisation	19.8	9.8	103.5%

- **Total Revenue €133.2m (CY23: €124.7m)**

- **Subscription revenue** grew by 6.6%, driven by a mix of new name acquisitions, existing FINEOS Clients migration to the FINEOS Platform and expanded product footprint with existing clients
- **Services revenue** up 6.0% on CY23, due mainly to ongoing project activity across customer base and funded evaluation studies by prospective clients
- **Cost of sales decreased** by €3.6m (9.9%) on CY23 due to a reduction in contractor costs of €2.6m (lower contractor headcount), a reduction in employee cost of €1.7m offset by an increase in AWS cost of €0.7m

- **Gross profit of €100.4m / 75.4% (CY23: €88.3m / 70.8%)**

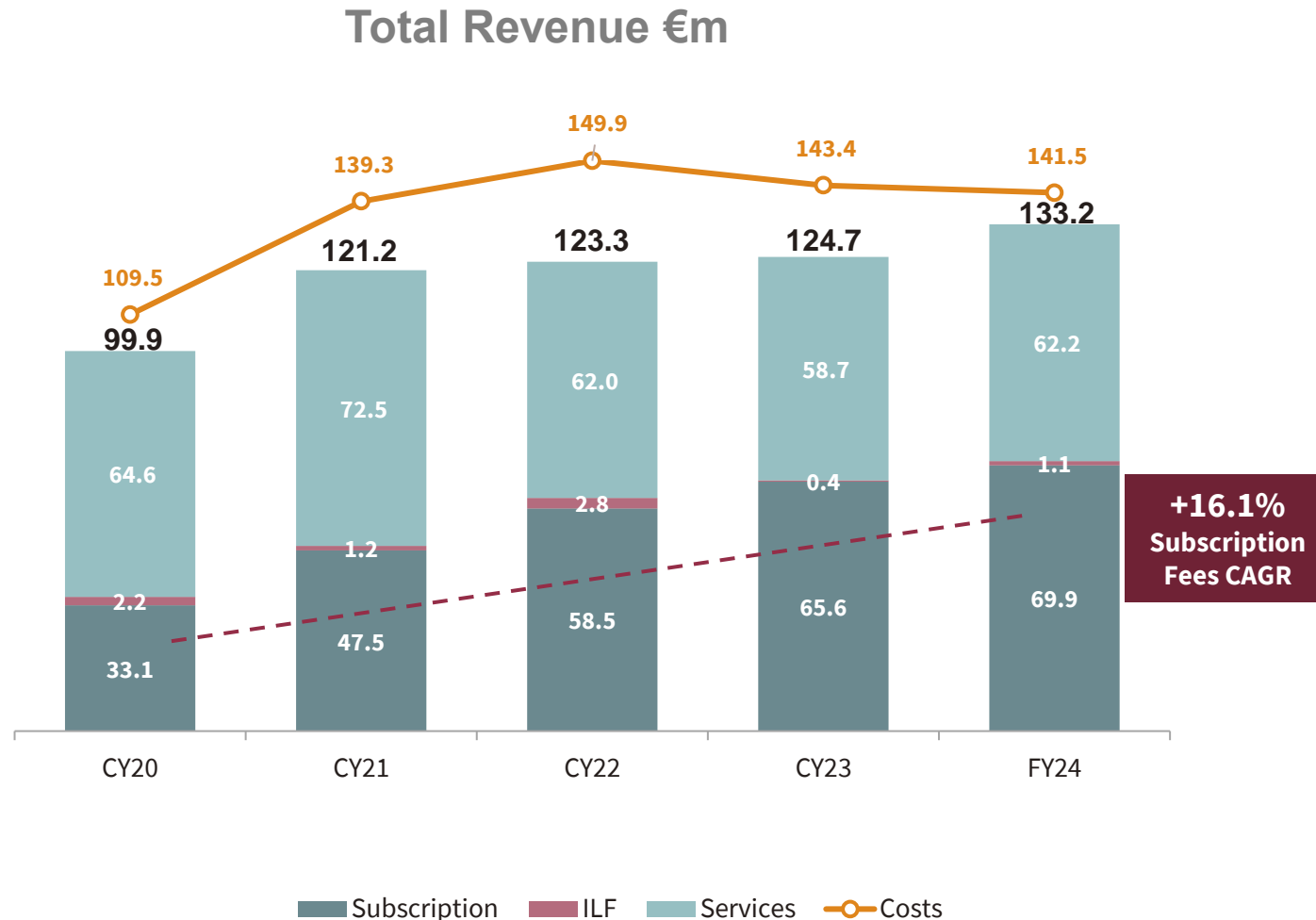
- **EBITDA of €20.2m / 15.2 % (CY23: €9.5m / 7.6%)**

- **EBITDA** increase due to a reduction in costs offset by i) lower other income (€2.8m related to gain on Spraoi earnout in CY23); and ii) increase in FX loss in FY24 (€0.8m).



Subscription Revenue continues to dominate over Services Revenue

Up-sell expansion initiatives and new customer wins has seen subscription revenue growth consistent with FINEOS' strategy

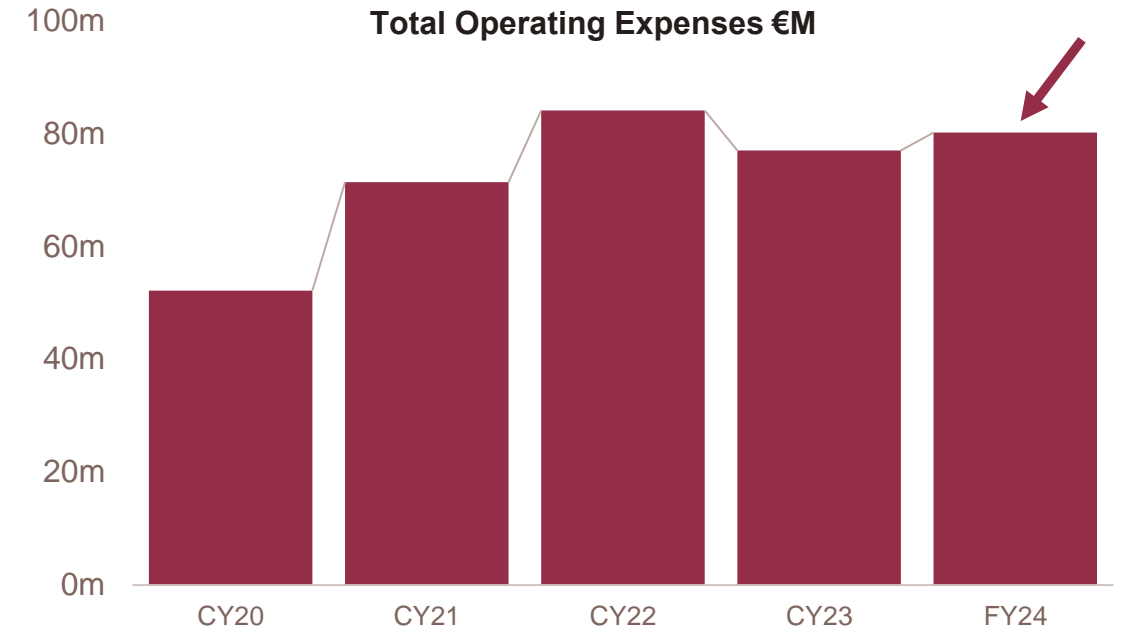


Breakdown of FY24 Revenues:

- Total Subscription Revenue of €69.9m grew by 6.6% versus CY23. Driven by a mix of new name sales, existing clients upgrades to FINEOS Platform and expanded product footprint with certain clients.
- ARR of €71.2m up 9.0% compared to 31 December 2023, despite the headwind of client churn post Limelight Health acquisition, M&A activity in Australia, and the loss of a non-strategically aligned client in the UK
- Services Revenue up 6.0% on CY23 due mainly to ongoing project activity across customer base and funded evaluation studies

Operating Expenses

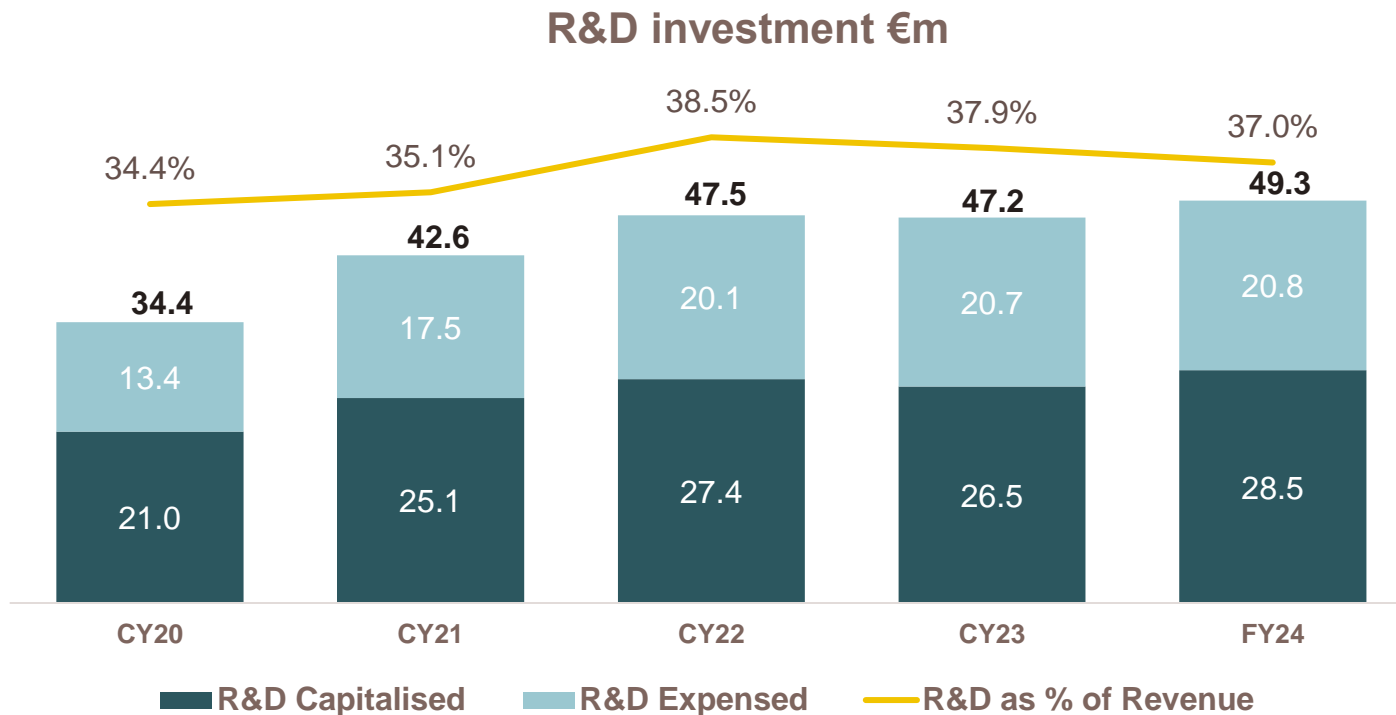
Operating expenses	FY24 €m	CY23 €m	% Change
Research & development	(23.3)	(23.5)	(1.1%)
Sales & marketing	(3.4)	(6.2)	(45.5%)
Product consulting	(21.8)	(19.2)	13.5%
Cloud operations/support	(14.2)	(16.0)	(11.5%)
General & administration	(18.6)	(17.7)	5.6%
Other income	1.1	3.8	(71.9%)
Total operating expenses	(80.2)	(78.8)	1.8%
% of total revenue	60.2%	63.2%	



- ↓ R&D costs are down €0.2m (1.1%) on CY23 linked mainly to a lower contractor cost, lower holiday accrual, higher capitalised R&D costs offset by higher employee cost and restructuring cost.
- ↓ Sales & marketing costs decreased €2.8m (45.5%) on CY23 mainly due to lower headcount and marketing activities offset by restructuring cost.
- ↑ Product consulting costs increased €2.6m (13.5%) on CY23, driven by lower cost of sales allocation (utilisation)
- ↓ Cloud operations/support costs decreased €1.8m (11.5%) driven by lower staff cost due to move to hiring in lower cost regions and lower software cost.
- ↑ G&A costs increased €0.9m (5.6%) on CY23. Factors contributing to the increase: staff cost (€0.8m), software cost (€0.4m) offset by a reduction in the share option charge (€0.3m)
- ↓ Other income decreased €2.7m (71.9%) on CY23 due to a once off gain on Spraoi earnout in CY23 and lower R&D tax credit offset by higher interest income on bank deposits

R&D investment spend leveling off & decreasing as a % of revenue

FINEOS is changing the profile of its R&D spend to focus more on digital and data related work



Ongoing investment being made in R&D to continue to drive subscription revenue growth

- 37.0% of Revenue invested in R&D in FY24 versus 37.9% in CY23
- R&D investment up 4.6% on CY23, reflecting additional investment in FINEOS Absence for Employer and Limelight rewrite.
- Scale of R&D investment reflects customer demand and confidence in our market growth opportunity. R&D will reduce as a percentage of total revenue in coming years.



Balance sheet

Statement of Financial Position	31 Dec 24	31 Dec 23	% Change
	€m	€m	
Cash at bank	19.8	28.1	(29.5%)
Trade receivables	11.4	8.3	37.6%
Other current assets	8.2	8.4	(2.8%)
Total current assets	39.4	44.8	(12.1%)
Right of use assets	2.7	3.8	(27.9%)
Development expenditure	90.3	84.8	6.5%
Goodwill	33.6	31.6	6.4%
Deferred tax asset	10.4	9.1	14.3%
Other non-current assets	21.4	22.2	(3.9%)
Total non-current assets	158.4	151.5	4.6%
Total assets	197.8	196.3	0.8%
Trade payables and accruals	11.0	11.6	(5.4%)
Deferred revenue	14.7	12.1	21.7%
Other current liabilities	1.9	1.9	0.7%
Total current liabilities	27.6	25.6	7.8%
Deferred R&D tax credit	2.7	3.3	(19.0%)
Lease liabilities	3.0	4.1	(26.6%)
Total non-current liabilities	5.7	7.4	(23.2%)
Total liabilities	33.3	33.0	0.8%
Net assets	164.5	163.3	0.7%

- **Cash at bank** in line with our forecast and movement reflects investment in the period
- **Trade receivables** rose 37.6% mainly due to the issue of some significant invoices in December 2024 combined with lower cash receipts from customers in quarter 4 of FY24.
- **Deferred tax asset** increased €1.3m predominantly due to the increased provision for offset of tax losses against future taxable profits
- **Right of use building** decreased by €1.0m due to asset depreciation
- **Right of use software** decreased by €0.1m due to asset amortisation
- **Development expenditure** increase explained by R&D capitalised spend (€28.5m) being ahead of amortisation (€23.0m) in the year
- **Goodwill** increased by positive FX movement of €2.0m on retranslation to closing rates
- **Deferred revenue** increase of €2.6m (21.7%) primarily driven by the growth in subscription revenue during the year.
- **Trade payables and accruals** decrease of €0.6m (5.4%) influenced by the timing of receipt of supplier invoices.



Statement of Cash Flows

Statement of Cash Flows	FY24	CY23	% Change
	€m	€m	
Net cash generated from operating activities	18.8	8.5	119.7%
Net cash used in investing activities	(28.9)	(27.1)	6.7%
Net cash generated from financing activities	0.0	23.6	(100.1%)
Net movement in cash and cash equivalents	(10.1)	5.0	(303.0%)
Effect of movement in exchange rates	1.8	(0.9)	(318.4%)
Cash & cash equivalents at the beginning of the year/period	28.1	24.0	17.3%
Cash & cash equivalents at the end of the year/period	19.8	28.1	(29.5%)

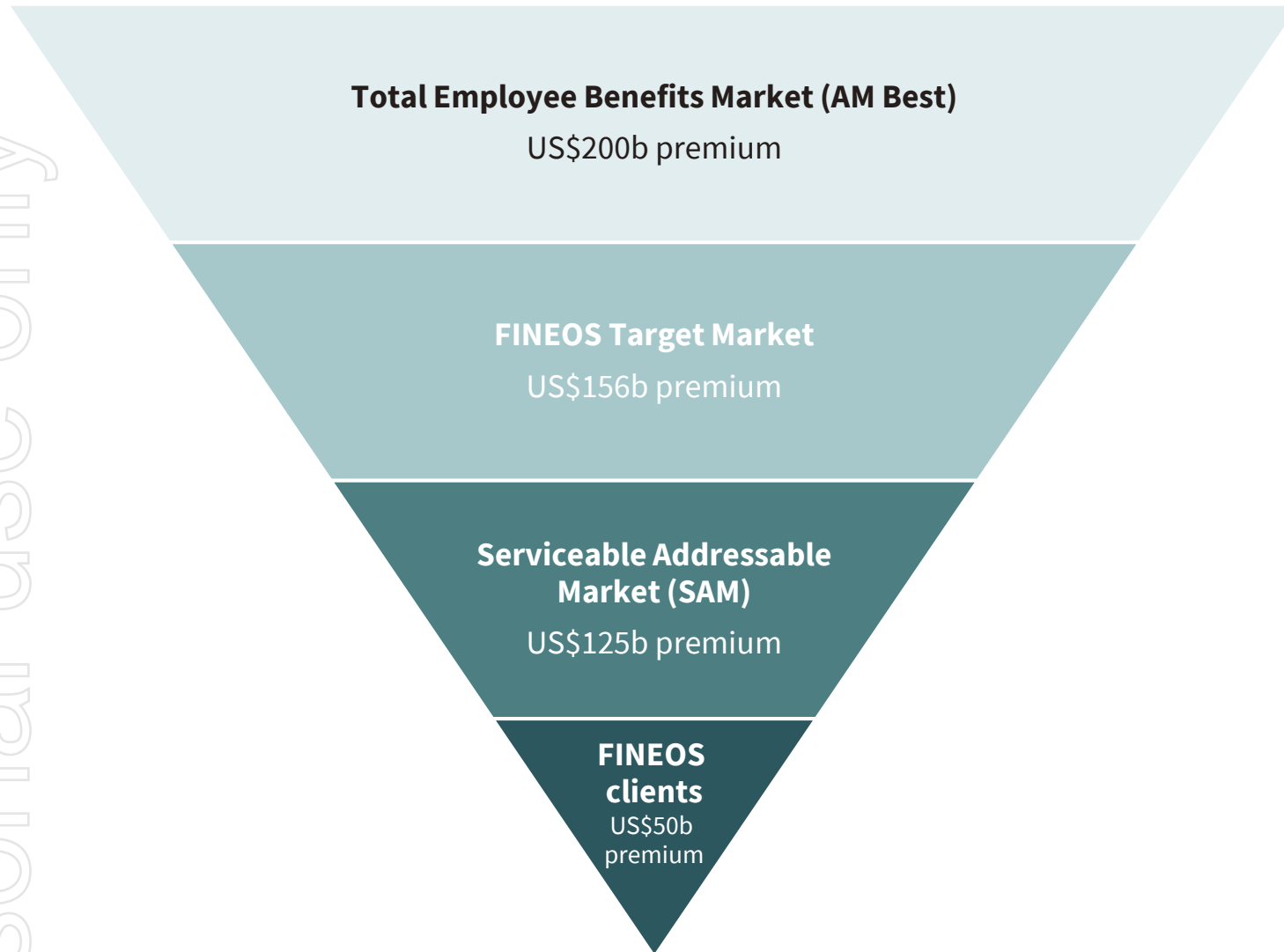
- **Net cash generated from operating activities** of €18.8m increased 119.7% compared to CY23 reflecting improved cash collection and cost management
- **Net cash used in investment activities** of €28.9m in FY24 represents spend on intangible assets of R&D (€28.5m), contract costs (€0.6m) and tangible fixed assets (€0.5m) offset by interest income (€0.6m) and grant income (€0.1m)



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FY25 Outlook & Key Priorities

Significant growth opportunity for FINEOS in North America



Existing clients

- FINEOS penetration is at 10-15%
- Up-sell white space to expand lines of business supported
- Cross-sell opportunity for FINEOS AdminSuite, Insight & Engage

New logos within SAM

- Significant white space for new name sales – 60% of SAM is white space and legacy
- FINEOS Absence for Employer & States

Expanded SAM

- Further opportunity to expand our TAM through additional lines of business in NA
- Expansion in Non-NA Geographies

FY25 Key Priorities

- ✓ Achieve positive FCF for FY25 and cash generative thereafter
- ✓ Progressively embed AI within the FINEOS Platform for improved performance and outcomes
- ✓ Guardian Life - 1/1/2026 Phase 2 go live on FINEOS AdminSuite to enable further scaling
- ✓ Continue to invest in Customer Success to scale and move FINEOS clients off their legacy core systems
- ✓ Increase new business sales as well as cross sell more FINEOS AdminSuite to our existing FINEOS clients
- ✓ Continue to grow and build our partnerships with key System Integrators
- ✓ Build pipeline and deal conversions for FINEOS Absence for Employer
- ✓ Continue to improve operational efficiencies to gain greater margins
- ✓ Execute our mission: global market leader in group, voluntary and absence employee benefits

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Outlook & Guidance for FY25

- FY25 (1 January – 31 December) revenue to be in the range €138m - €143m
- Guidance reflects ongoing work on large programs and the lengthy sales cycles
- On track for successful delivery of key projects to replace legacy systems with several large carriers to maximise product subscriptions
- Continue strategy of cost savings through operational efficiencies. FY25 total costs expected to decrease (versus FY24)
- Continue to expect positive free cash flow in FY25 in aggregate
- Pipeline remains strong as the FINEOS Platform for Employee Benefits market reputation grows

Outlook & Guidance for beyond FY25

Following a 3-Year period of above 'industry normal' R&D investment levels to meet positive demand from Tier 1 North American carriers, coupled with R&D investment required to automate the SaaS features of the FINEOS Platform to drive greater efficiency and an improved client self-service experience, R&D is expected to level off and positively improve Gross Margin and EBITDA as the FINEOS Platform is now sufficiently scaled and proven

We expect ...

- Subscription fees to increase as a percentage of total revenues to 65% in FY27 and 75% in FY29
- R&D investment to decrease as a percentage of total revenue to 30% in FY27 and 25% in FY29
- Gross Margin will increase to 75% in FY27 and 80% in FY29
- EBITDA will increase to 25% in FY27 and 40% in FY29



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Appendices

Detailed Statement of Financial Position

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	€m	€m	
Cash at bank	19.8	28.1	(29.5%)
Trade receivables	11.4	8.3	37.6%
Unbilled receivables	0.5	1.0	(47.5%)
R&D tax credit	0.3	0.7	(55.1%)
Prepayments and other receivables	7.4	6.7	8.8%
Total current assets	39.4	44.8	(12.1%)
Fixed assets	0.7	0.8	(16.1%)
Right of use assets	2.7	3.8	(27.9%)
Deferred tax asset	10.4	9.1	14.3%
Development expenditure	90.3	84.8	6.5%
Contract costs (commissions)	0.9	0.7	24.4%
Goodwill	33.6	31.6	6.4%
Technology and customer relationships	19.8	20.7	(4.4%)
Total non-current assets	158.4	151.5	4.6%
Total assets	197.8	196.3	0.8%
Trade payables	2.3	3.2	(26.5%)
Deferred revenue	14.7	12.1	21.7%
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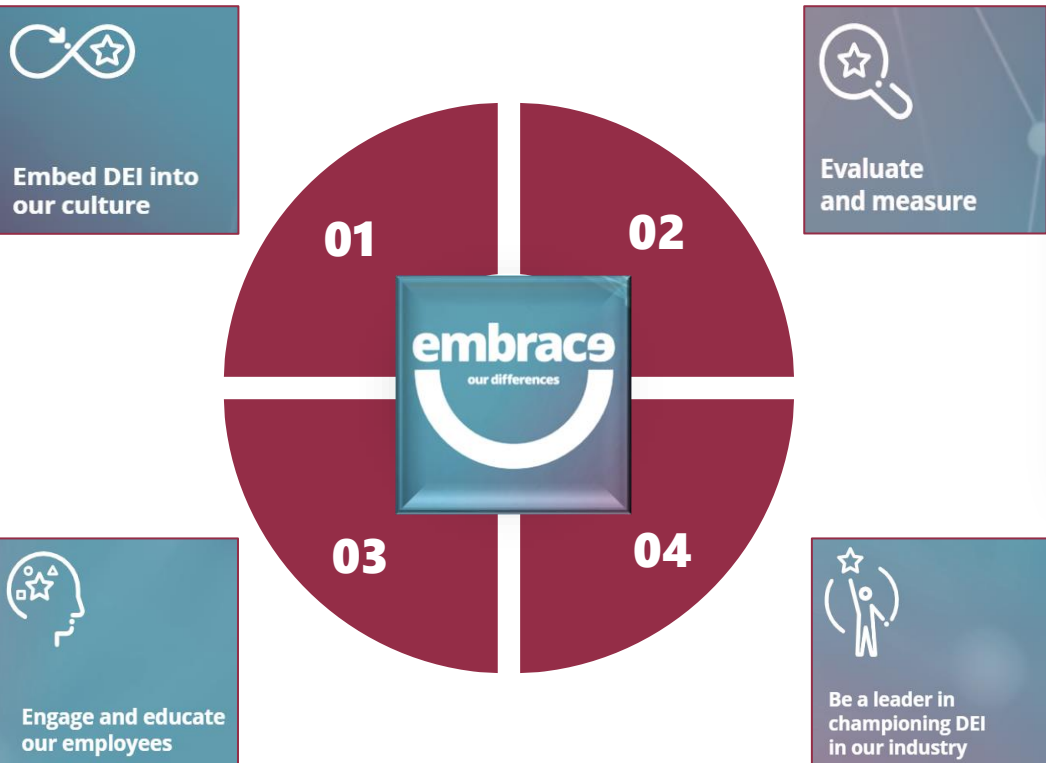


FINEOS

FINEOS DEI - Embrace

Our FINEOS Embrace DEI mission statement is that “as a company, we are committed to recognizing the value of diversity among our employees, which includes intentionally building a work environment where all employees feel included and valued both irrespective to and because of their differences.

DEI Commitments



Key Successes

- Recognised through industry awards for the **embrace** program
- Women in Tech** Employee Interest Group (EIG)
- Reconciliation Action Plan (RAP)** Reflect stage executed
- BIG Idea™** Mentorship program
- Embedded our **DEI Awareness Campaign** program
- Inclusive Communications** Program launched

Future Focus



- AI and Data Analytics
- Move to the Innovate Stage of RAP (Reconciliation Australia Action Plan)
- Continue to enhance DEI competence
- Readiness for Pay transparency requirements



FINEOS

FINEOS ESG Strategy

At FINEOS ESG enables our FINEOS Growth Strategy and the key areas of focus across the three pillars for our ESG strategy are:

- Maintain a **low carbon footprint** and support initiatives to further reduce
- Support our people through diversity and inclusion, community initiatives and professional development
- Have clear and visible governance from the Board right throughout the company in our **policies, procedures, with a critical focus on information security and data privacy**

ESG Pillars



ENVIRONMENTAL

- Alignment with investor, customer and regulatory ESG requirements
- Optimising impacts on profitability, product and operating model



SOCIAL

- Diversity, Equity and Inclusion
- Community
- Employee Engagement and Wellness

GOVERNANCE

- Board Independence, Structure and Tenure
- Data Security and Privacy
- Audit Risk and Oversight
- CSRD Reporting



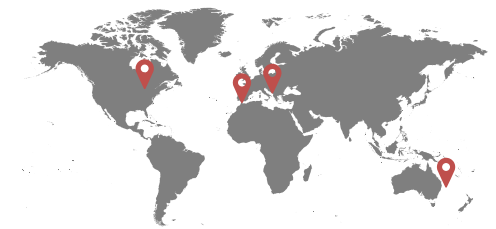
Key Successes

- Training and Development
- Focus on CSRD preparation
- Successfully implemented employee-led Corporate Social Responsibility initiatives
- Secured funding from Enterprise Ireland

Risk Management

- Maintain / enhance reputation with investors and customers
- Maintain / grow business
- Avoid fines and penalties
- Minimise negative impact on operational efficiency and cost

Future Focus



- CSRD mandatory reporting strategy and roadmap
- Ongoing focus on Sustainability Governance
- Carbon emission reduction
- Data Centre strategy and roadmap

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