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1H25 Results Presentation

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28 August 2025

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



1H25 FINEOS Financial Highlights

Strong operating margins and continued enhancement of ARR

**Subscription
Revenue
€36.4m**

Up 5.7% on 1H24
Subscription revenue now
represents 54.3% of total revenue

**ARR
€76.4m
at 30 June'25**

Up 11.2% from €68.7m at June'24

**Total
Revenue
€67.1m**

Up 4.2% on 1H24

**Gross Profit
€51.4m
GP margin 76.6%**

GP up 8.4% on 1H24
GP margin up from 73.6% in 1H24

**EBITDA
€13.1m
EBITDA margin 19.6%**

EBITDA up 80.1% and EBITDA
margin up from 11.3% in 1H24

**Cash Position
€34.9m
at 30 June'25**

Free Cash Flow €15.1m
up from €6.1m for 1H24¹



1H25 FINEOS Operational Highlights

Guardian Phase 2 on track. Supports all new business onboarding in 2026 and enables the focus to begin on legacy migration

Migration strategy for legacy system to evolve in 2026

Existing client Top 10 US Group carrier contracted for upgrade from on-premises FINEOS to the FINEOS Platform in 1H25

FINEOS continues to enhance footprint with large carriers

Expecting positive free cash flow in FY25 in aggregate with sustained annual profitability from FY26 onward

Supporting growth, margin expansion and future investment opportunities

Cost efficiency activities continue to deliver savings and included absorption of approx. €1.0m restructuring costs in 1H25

Further cost savings expected in 2H25

Won 2 new name North American carriers (one each FINEOS Absence & FINEOS Claims) in 1H25 and achieved several go-lives

Further strengthens FINEOS AdminSuite as market leader in North America

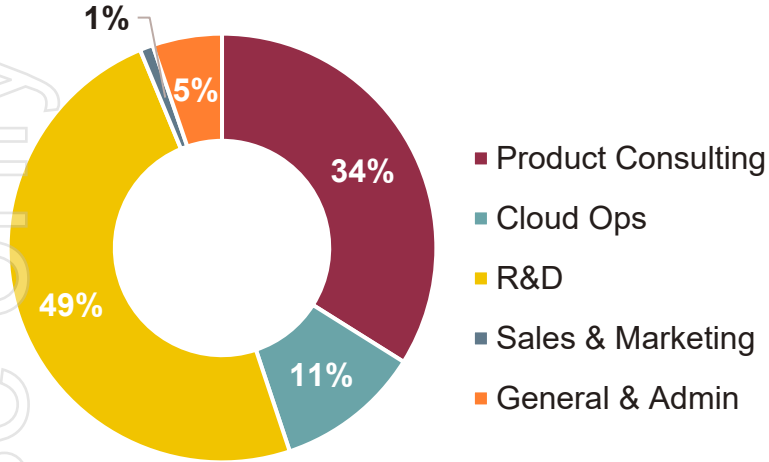
Embedded AI capabilities launched in our suite in 2Q25 & growing internal usage delivering real benefits

New compelling AI driven product components & catalyst for internal efficiency gains

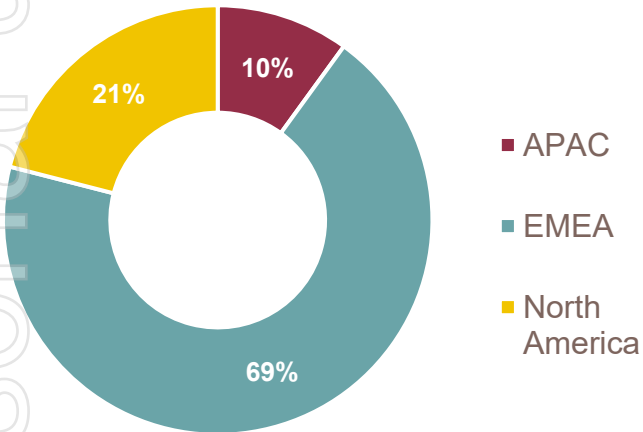


Our people – a key asset of the business

Employees by function



Employees by region



- Average Product Consulting utilisation for the period was 88% (1H24: 85%)
- Retention rate of over 90% (similar to 1H24)
- Move to hiring in lower cost regions a major focus as part of cost reduction program
- 17.4% are contract resources in 1H25 up from 14.1% in 1H24 due to 'contract to hire' resources in lower cost countries enabling more flexibility

88%
Utilisation

>90%
employee
retention rate

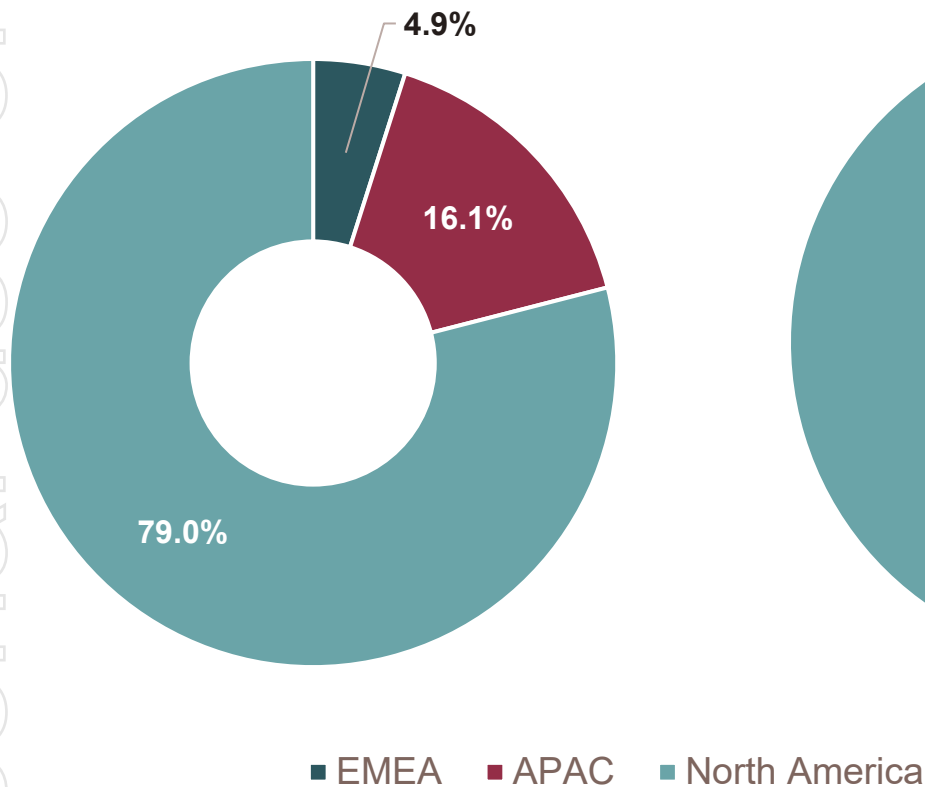
1007
People



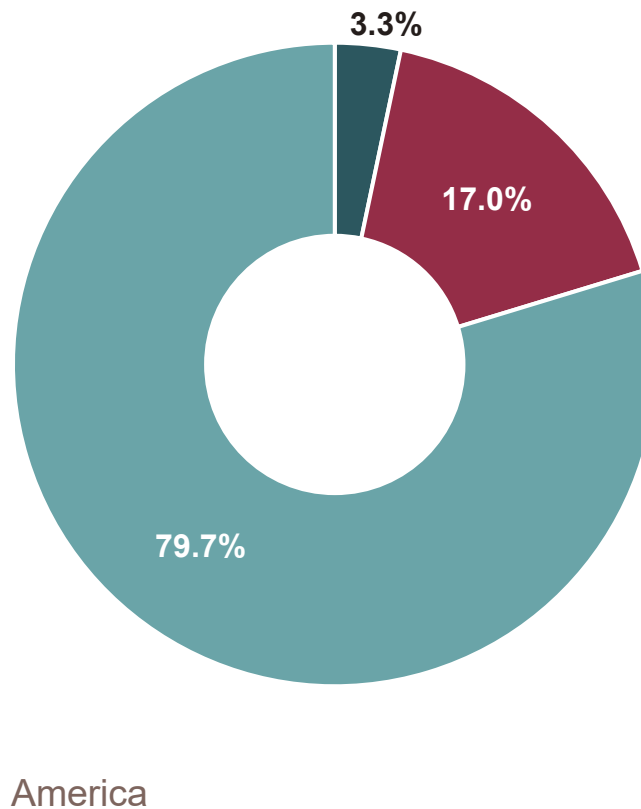
Geographic mix of revenues

Growth in North America share of revenue as it continues to remain the dominant regional source of revenue at 79.7% of total revenue in 1H25

1H24 revenue by region



1H25 revenue by region



Changes to revenue growth by region (measured in €)

- North American revenue grew 5.1% in the period to represent 79.7% of total revenue, due to higher Subscriptions (up 8.4%) and Services (up 1.6%) revenue in the region
- APAC overall revenue increased by 10.0% due to growth in Subscriptions (up 8.5%) and Services (up 11.5%)
- EMEA region down 30.0% on 1H24 with a drop in Subscriptions of 26.5% (legacy customer discontinued in the UK as announced in 2024) and a drop in Services of 50.2% reflecting lower project activity in the region

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1H25 – Financial Slides

Income Statement

Income Statement	1H25	1H24	% Change
	€m	€m	
Subscriptions	36.4	34.5	5.7%
Services	30.4	29.6	2.6%
Initial licence fees	0.3	0.3	(14.6%)
Total revenue	67.1	64.4	4.2%
Cost of sales	(15.7)	(17.0)	(7.6%)
Gross profit	51.4	47.4	8.4%
Gross profit margin	76.6%	73.6%	
Total operating expenses	(38.3)	(40.1)	(4.7%)
EBITDA	13.1	7.3	80.1%
EBITDA margin	19.6%	11.3%	
Depreciation	(0.6)	(0.9)	(27.4%)
Amortisation	(13.8)	(12.4)	11.2%
EBIT	(1.3)	(6.0)	(78.1%)
Net interest income/(expense)	0.1	0.1	(13.7%)
Loss before tax	(1.2)	(5.9)	(79.5%)
Income tax (charge)/credit	(0.1)	0.6	(107.6%)
Loss after tax	(1.3)	(5.3)	(76.4%)
Loss after tax but before amortisation	12.5	7.1	76.7%

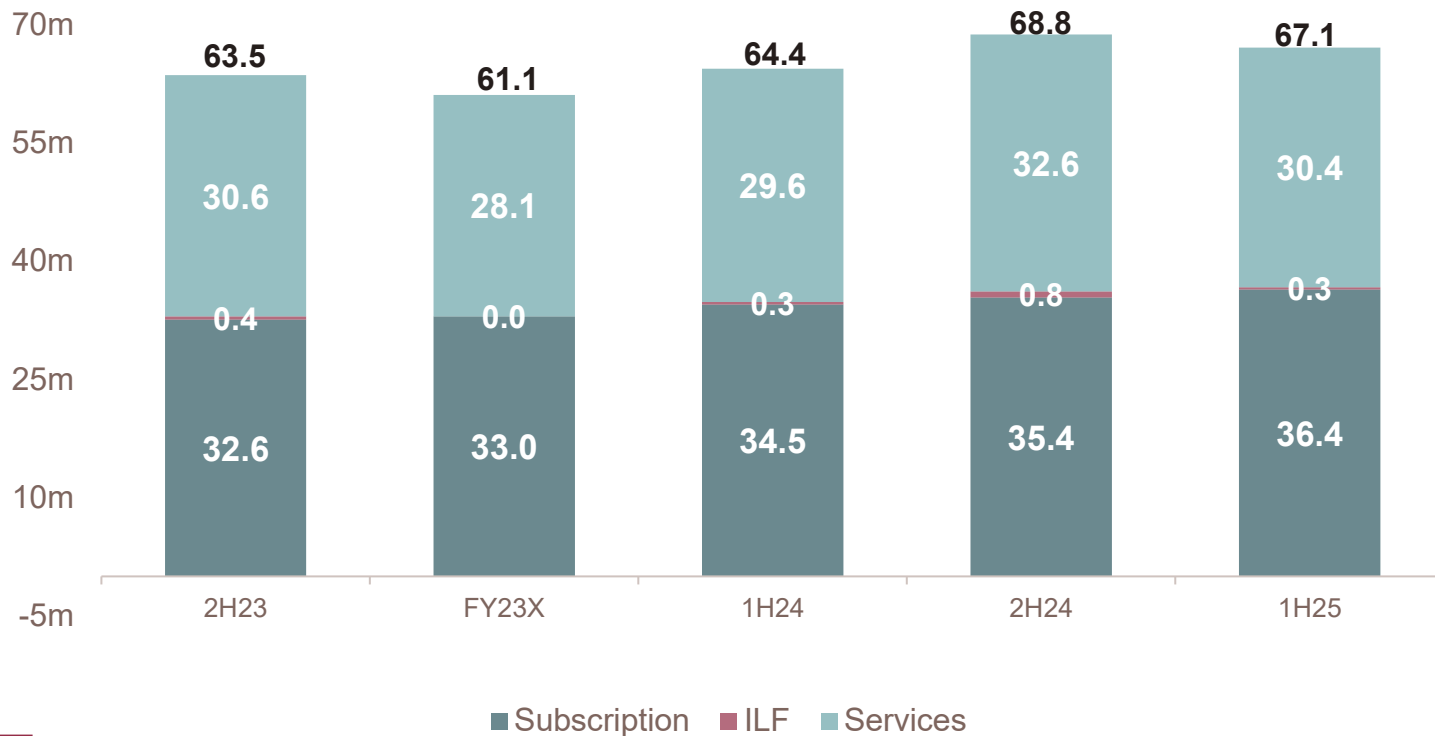
- **Total Revenue €67.1m (1H24: €64.4m)**
 - **Subscription revenue** grew by 5.7% and represents a healthy 11.2% growth in ARR to €76.4m as compared to €68.7m in 1H24.
 - **Services revenue** up 2.6% on 1H24 with a 11.5% increase in APAC (due mainly to higher utilisation) and slight increase of 1.6% in North America. Services is down on 2H24 and this is primarily due to approx. €1.0m held billing (included in Deferred Revenue) for a milestone payment in 2H25, further investing in system integrators taking on more direct work with our clients, and FX movements.
 - **Cost of sales decreased** by €1.3m (7.6%) on 1H24 due to a reduction in contractor costs of €0.4m (lower contractor headcount), a reduction in employee costs of €0.6m and decrease in software cost of €0.3m.
 - **Gross profit of €51.4m (1H24: €47.4m), up 8.4%**
- **EBITDA of €13.1m (1H24: €7.3m)**
 - **EBITDA** increased to 19.6% compared to 11.3% in 1H24 due to revenue growth, combined with a reduction in cost of sales and operating expenses driven by cost saving initiatives. Approx. €1.0m of restructuring related costs are included in the 1H25 operating expenses.
- **Loss after tax of €1.3m (1H24: €5.3m)**
 - **Loss after tax** narrowed from €5.3m in 1H24 to €1.3m in 1H25 representing a 76.4% improvement showing that revenue growth and improved margins represent significant progress toward profitability.



Subscription Revenue growth continues

Subscription revenue now represents 54.3% of total revenue

Total Revenue by half year €m

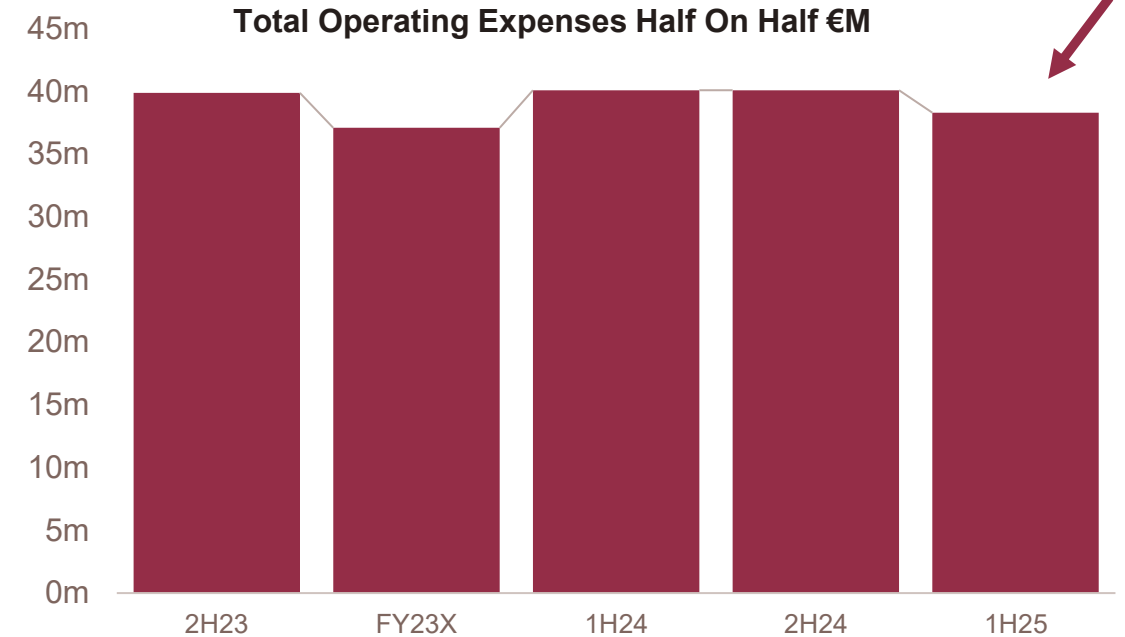


Breakdown of 1H25 Revenues:

- Overall Revenue up 4.2% compared to 1H24 driven by Subscription and Services growth in North America and APAC
- Total Subscription Revenue of €36.4m grew by 5.7% versus 1H24. Growth driven mainly by expansion of footprint within existing customers
- ARR of €76.4m up 11.2% on 1H24 reflecting recent wins
- Services Revenue up 2.6% on 1H24 with an 11.5% increase in APAC (due mainly to higher utilisation) and a slight increase of 1.6% in North America

Operating Expenses

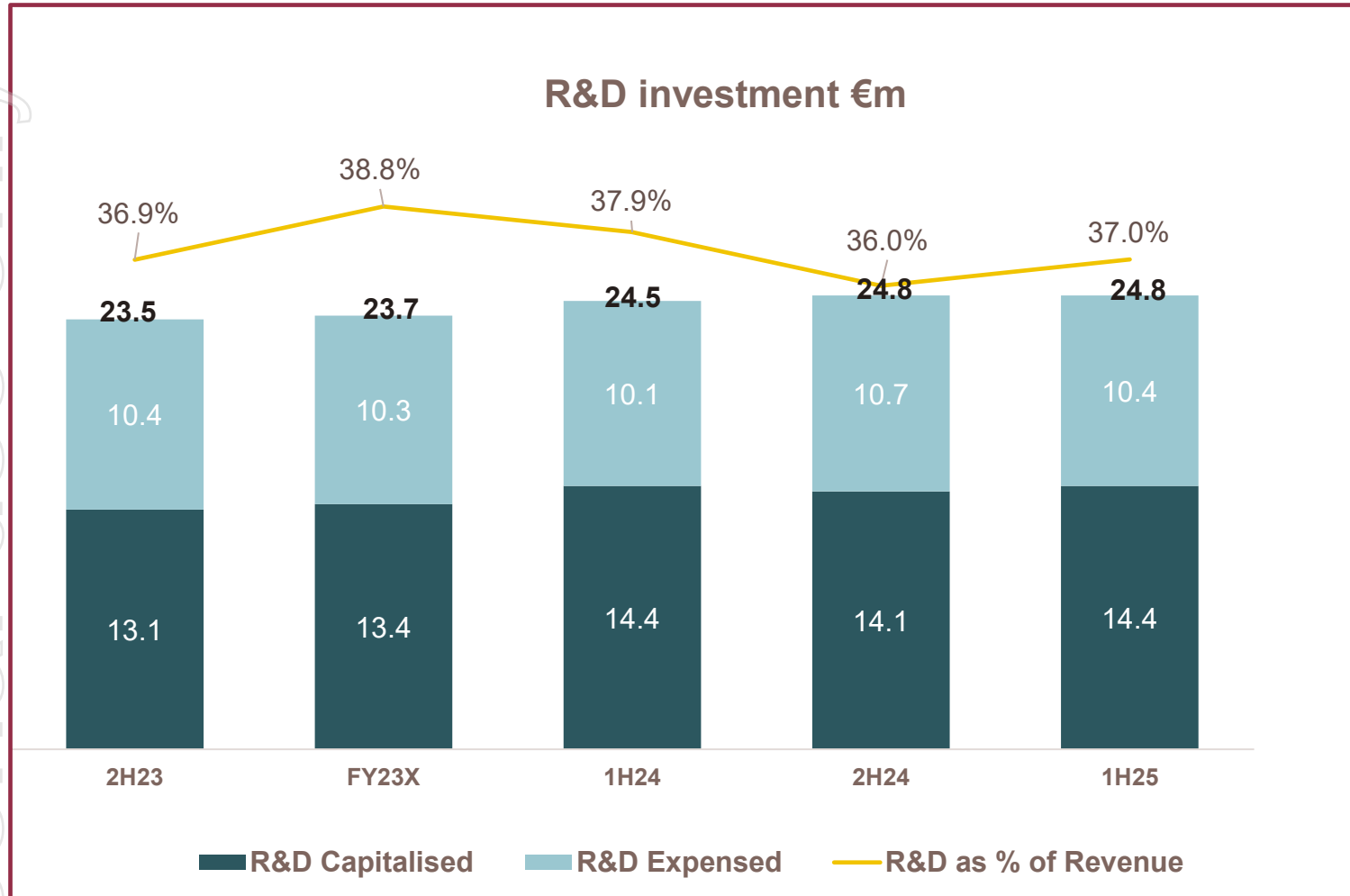
Operating expenses	1H25 €m	1H24 €m	% Change
Research & development	(12.8)	(11.3)	12.6%
Sales & marketing	(1.5)	(2.2)	(30.2%)
Product consulting	(10.7)	(11.1)	(3.2%)
Cloud operations/support	(6.5)	(7.5)	(13.5%)
General & administration	(7.2)	(8.6)	(16.7%)
Other income	0.4	0.6	(26.5%)
Total operating expenses	(38.3)	(40.1)	(4.7%)
% of total revenue	57.0%	62.2%	



- ↑ R&D costs are up €1.5m (12.6%) on 1H24 linked mainly to a higher employee cost and restructuring cost offset by contractor cost and lower holiday accrual
- ↓ Sales & marketing costs decreased €0.7m (30.2%) on 1H24 mainly due to lower employee cost, restructuring cost and marketing activities offset by commission cost
- ↓ Product consulting costs decreased €0.4m (3.2%) on 1H24 driven by lower employee cost and offset by higher commission and staff benefit
- ↓ Cloud operations/support costs decreased €1.0m (13.5%) driven by lower employee cost, software cost and holiday accrual offset by restructuring cost and lower cost of sales allocation
- ↓ G&A costs decreased €1.4m (16.7%) on 1H24. Factors contributing to the decrease: FX gain (€1.9m), insurance (€0.2m), share option charge (€0.1m) offset by an increase in employee cost (€0.4m), accounting and audit fee (€0.2m) and software related cost (€0.2m)
- ↓ Other income decreased €0.2m (26.5%) on 1H24 due to a one off credit relating to fixed asset in 1H24 and a slight reduction of tax credit in 1H25

R&D investment spend leveling off

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 1H25 versus 37.9% in 1H24

While investment is up 1.6% on 1H24, focus is on controlling the level of cost increase through cost containment and reduction initiatives

Overall scale of investment reflects continued confidence in the Direct-to-Employer Market proposition, the AdminSuite Platform and the newly re-architected New Business and Underwriting (NBU) product to support further Subscription revenue growth



Balance sheet

Statement of Financial Position	30 June 25	31 Dec 24	% Change
	€m	€m	
Cash at bank	34.9	19.8	75.9%
Trade receivables	10.4	11.4	(8.5%)
Other current assets	7.4	8.2	(9.1%)
Total current assets	52.7	39.4	33.9%
Right of use assets	2.4	2.7	(12.0%)
Development expenditure	92.1	90.3	2.0%
Goodwill	29.8	33.6	(11.4%)
Deferred tax asset	10.4	10.4	(0.1%)
Other non-current assets	18.5	21.4	(13.2%)
Total non-current assets	153.2	158.4	(3.3%)
Total assets	205.9	197.8	4.1%
Trade payables and accruals	12.2	11.0	11.8%
Deferred revenue	33.4	14.7	126.5%
Other current liabilities	1.8	1.9	(5.2%)
Total current liabilities	47.4	27.6	71.9%
Deferred R&D tax credit	2.4	2.7	(12.7%)
Lease liabilities	2.6	3.0	(13.1%)
Total non-current liabilities	5.0	5.7	(12.9%)
Total liabilities	52.4	33.3	57.3%
Net assets	153.5	164.5	(6.7%)

- **Cash at bank** movement reflects seasonality of cash collection, higher receipt of customer payments and reduction in staff cost.
- **Trade receivables** are down 8.5% mainly due to higher collections from customers in 1H25 versus 2H24.
- **Right of use building** decreased by €0.3m due to asset depreciation (€0.4m) plus a negative FX movement (€0.1m) offsetting additions (€0.2m).
- **Development expenditure** increase explained by R&D capitalised spend (€14.4m) being ahead of amortisation (€12.6m) in the period.
- **Goodwill** decreased by negative FX movement of €3.8m on retranslation to closing rates.
- **Deferred revenue** increase of €18.7m (126.5%) due to the timing of issue of subscription invoices (predominantly 1H).
- **Trade payables and accruals** increase of €1.2m (11.8%) influenced by the timing of holiday leave take-up by employees and bonus payments as well as the timing of contract renewals for software licensing and supplier payments.



Statement of Cash Flows

Statement of Cash Flows	1H25	1H24	% Change
	€m	€m	
Net cash generated from operating activities	34.3	19.8	73.0%
Net cash used in investing activities	(15.1)	(14.7)	2.5%
Net cash generated from financing activities	-	-	(46.8%)
Effect of movement in exchange rates	(4.1)	1.0	(525.6%)
Net movement in cash and cash equivalents	15.1	6.1	147.5%
Cash & cash equivalents at the beginning of the period	19.8	28.1	(29.5%)
Cash & cash equivalents at the end of the period	34.9	34.2	2.0%

- **Net cash generated from operating activities** of €34.3m increased 73.0% compared to 1H24 reflecting higher cash collection and continued improvements in operational efficiency.
- **Net cash used in investment activities** of €15.1m in 1H25 represents spend on intangible assets of R&D (€14.4m), contract costs (€0.4m) and tangible fixed assets (€0.5m), offset by interest income (€0.2m). FINEOS maintains investment levels in R&D to facilitate continued growth as we execute our strategy.
- **Financing activities** shows that FINEOS continues to carry no debt while targeting return to positive free cash flow.
- **Net movement in cash** for the period is €15.1m even after a negative FX movement of €4.1m. This represents an increase of 147.5% on 1H24 movement of €6.1m and has enabled a marginally increased cash balance at the end of the period compared to 1H24.



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FY25 Outlook & Key Priorities

2H25 Key Priorities

We continue to progress delivery of our FY25 priorities especially our revenue growth and achieve positive free cash flow for the year as a whole. As we look to the second half of the year our prioritised goals in the business are as follows:

- ✓ Delivering the Day 2 FINEOS AdminSuite requirements for Guardian in readiness for full new business take-on from the beginning of 2026 and to focus on legacy replacement thereafter
- ✓ Increase new business sales as well as cross sales to all our existing clients
- ✓ Further traction in the ANZ region on cloud upgrades and cross sales
- ✓ Continue to drive our strategies for operational efficiencies to deliver further cost reductions
- ✓ Build pipeline and deal conversions for FINEOS Absence for Employer now it is fully referenceable with two live clients
- ✓ Progressively embed AI within the FINEOS Platform for improved performance and outcomes



Outlook & Guidance for FY25

Unchanged except for currency impact

- Revenue is now guided to be at the lower end of range provided (€138m - €143m) primarily driven by, the weakening of trading currencies (especially the USD) against FINEOS' operational currency of the Euro, and ongoing concerns about global economic conditions
- 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, and to be cash generative thereafter
- Pipeline remains solid as the FINEOS Platform for Employee Benefits market reputation grows

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Reiterating Outlook & Guidance for beyond FY25

Growth expectations in FY25 remain on track to enable:

- 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 aiming to be at 75% in FY27 and 80% in FY29
- EBITDA aiming to increase to 25% in FY27 and 40% in FY29

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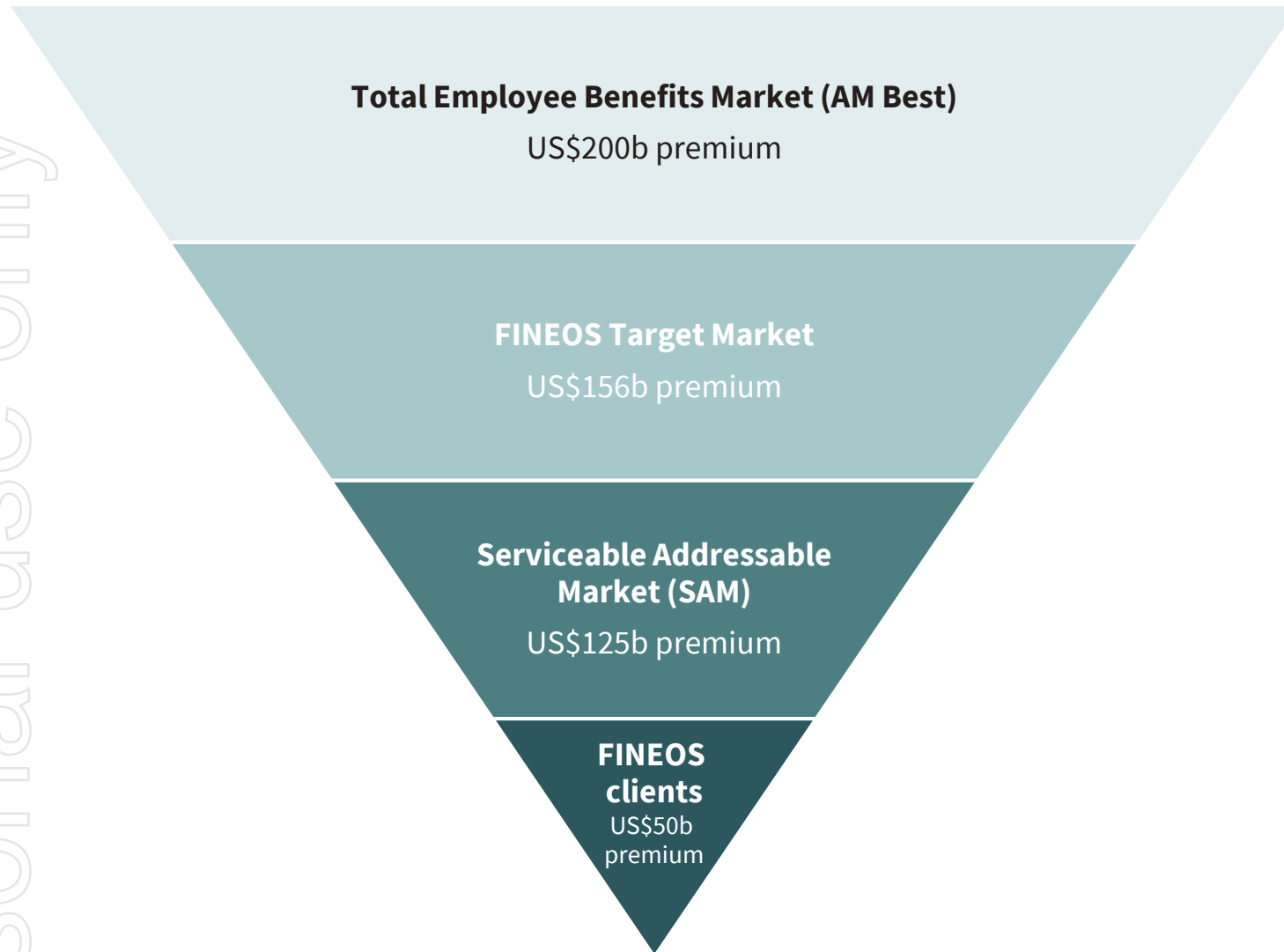


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Appendix

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