

25 February 2026

FINEOS achieves positive free cashflow guidance in FY25 with higher operating margins and increasing ARR

FINEOS Corporation Holdings PLC (ASX:FCL), a leading provider of core systems for life, accident and health insurance (LA&H) carriers globally, is pleased to announce its financial results for the full year ended 31 December 2025 (FY25).

FY25 Key Highlights versus prior corresponding period (12 months ended 31 December 2024 "FY24")

- Total Revenue was €138.4m, up 3.9%; On a constant currency basis Total Revenue was €141.7m, up 6.3%
- Subscription revenue was €75.6m, up 8.2% and representing 54.6% of total revenue
- Services revenue was €62.2m, steady on FY24
- ARR of €78.3m, up 10.0%
- Gross Profit was €105.5m, up 5.0%; Gross profit margin was 76.2%, up from 75.4%
- EBITDA was €30.4m, up 50.1%; EBITDA margin was 21.9%, up from 15.2%
- Statutory Net Profit after tax was €1.0m, up from a net loss after tax of (€5.8m)
- Cash balance of €27.8m, up 40.4% from €19.8m
- Positive Free Cash Flow of €6.4m - guidance of returning to positive free cashflow in FY25 in aggregate achieved

Financial Overview

Total revenue increased 3.9% to €138.4 million in FY25 from the prior corresponding period (pcp). This growth was achieved against prevailing currency headwinds as the Euro appreciated significantly against the US dollar, which accounts for 71.1% of total revenues. On a constant currency basis, total revenue increased 6.3% to €141.7 million. Driving this growth was successful client scaling and upgrades, along with some new name client wins.

At 31 December 2025 FINEOS held a healthy operating cash balance of €27.8 million. FINEOS also returned to positive cash generation in FY25 and achieved guidance by reporting positive free cash flow of €6.4 million in the period. The additional €1.6 million in cash received was from share option exercises and a small contribution from bank interest.

FINEOS continued its focus on improving margins in FY25. Gross profit margins increased by 0.8 percentage points to 76.2% while EBITDA margins increased to 21.9% from 15.2% in pcp. Margin improvement in these key metrics reflected increased growth and a higher proportion of recurring subscription fees, as well as benefits flowing from improving operational efficiency.

Operating expenses declined 6.3% to €75.1 million in FY25 from pcp, driven by lower product consulting, cloud operations/support and sales & marketing costs, partly offset by higher R&D investment and lower other income.

R&D investment declined 2.7% in FY25 from pcp. FINEOS continued its strategy of embedding AI (Artificial Intelligence) into the FINEOS Platform. This investment is expected to expediate processes, assist claims managers, underwriters and customer service administrators to become more efficient, which in turn will improve the service experience for their customers, agents, brokers and partners.

Net profit after tax for the twelve-month period ending 31 December 2025 was €1.0 million, a €6.8 million (116.2%) improvement on the loss after tax of €5.8 million for the period ending 31 December 2024. The result is stated after a tax charge of €0.2 million (FY24: tax credit of €0.9 million).

Operational Highlights

The business was able to win four new name carriers during the year, three licensing FINEOS AdminSuite for Claims and one licensing FINEOS Absence. This was in addition to two existing long-term claims clients who committed to move from on-premises to the cloud native FINEOS Platform. This represents an endorsement of the FINEOS customer success team, as well as advancing technological and product achievements that attract new clients.

In North America, FINEOS achieved a number of important customer success initiatives. Guardian Life, New York Life, Unum and several other large clients grew their business volumes on FINEOS AdminSuite in 2025, a trend expected to continue in 2026. Further, the business continued to deliver some important customer upgrades and new go-lives for an increasing number of clients.

In Asia Pacific, three clients have already moved to live production for the FINEOS AdminSuite for Claims and a fourth company is expected to go live in the first half of 2026. Interest from other clients in the region is gathering momentum.

In FY25 FINEOS remained focused on driving operational efficiencies via a combination of approaches including technology innovation, AI assistance, role location preferences / organisation structure improvements, and process enhancements. Consequently, total operating expenses fell 6.3% in FY25 and as a percentage of total revenue fell 5.9 percentage points to 54.3%.

The FINEOS new business pipeline remains solid, and the Company is confident of continuing to win new business and grow revenues. FINEOS has continued to scale up its SI (system integrator) partnerships, and clients have benefited from our embedded AI capabilities in its secure cloud environment. Having a modern core system to manage and maintain all data in line with regulatory compliance is paramount to rapid and effective adoption of AI by carriers in our life, accident and health insurance industry.

Commenting on the results, Founder, Chair and Chief Executive Officer Michael Kelly said: "FINEOS made significant progress on its strategy while at the same time strengthening its financial performance in FY25. We achieved positive free cash flow for the fiscal year in aggregate, continued to improve gross profit and EBITDA margins, and grew our higher margin recurring subscriptions revenue. Pleasingly, we also achieved a small net profit for the year and are on solid footing to achieve future growth and profitability.

We continue to invest in and improve our product and platform, with our focus moving to embedding AI innovation across our whole product suite – quote-to-claim. We are pleased with the significant progress we have made on this objective in FY25 as we win new clients and move an increasing number of clients from legacy systems to our cloud native FINEOS Platform. In addition, we have continued to

grow our business with SI partners, who are enjoying customer success, while they also scale their capacity and skills on the FINEOS Platform. Our clients have become more self-sufficient on the FINEOS Platform and, all in all, we are confident our singular market and product focus is helping to differentiate FINEOS against our competition and gain market share.

As the business moves confidently forward, we expect our growth to be supported by our existing client base, strong pipeline of future business while also benefiting from our ongoing focus on cost efficiency.”

FY26 Key Priorities

The FINEOS overarching priorities for FY26 are to continue to increase our revenues, margins and cash reserves. To support these priorities, the key focus areas of the business are as follows:

- Scale Guardian for all new business on the FINEOS Platform and begin legacy system migration
- Continue to scale / up-sell to other large clients to enable further business benefit realisation
- Continue our focus on legacy system migration to accelerate clients onto FINEOS AdminSuite
- Increase new business sales as well as expand cross sales within our existing client base
- Progressively embed AI within the FINEOS Platform for improved performance and outcomes
- Continue to drive our internal strategies, including internal usage of AI, to deliver further operational efficiencies
- Build pipeline and deal conversions for FINEOS Absence for Employer in partnership with carriers and directly with employers

Outlook & Guidance for FY26

- Revenue is guided to be between €147m - €152m
- Supported by strong pipeline and locked in revenues with many existing clients
- Continue strategy of driving operational efficiencies within FINEOS
- Having achieved positive free cash flow and profitability in FY25, continue to grow profitability and cash generation outcome for FY26
- In addition to going deeper in North American employee benefits market, expand our product line support and target market geography for FINEOS AdminSuite
- Pipeline remains solid as the FINEOS Platform for Employee Benefits market reputation continues to grow

Outlook & Guidance beyond FY26

Growth expectations in FY26 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
- Retain Gross Margin at 75% in FY27 and increase it to 80% in FY29
- EBITDA aiming to increase to 25% in FY27 and 40% in FY29

Results call details

Investors and analysts are invited to join a conference call hosted by Michael Kelly, CEO and Ian Lynagh, CFO on Wednesday 25 February at 6:00pm AEDT / 7:00am IST.

Participants must register for the conference call at the link below and will receive their dial in number upon registration to: <https://s1.c-conf.com/diamondpass/10051936-h7g6t5.html>

This notice has been authorised for provision to the ASX by the Company's Board of Directors.

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