FINEOS

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FINEOS maintains momentum in 1H26 with stronger growth, higher 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 half year ended 30 June 2026 (1H26).

1H26 Key Highlights versus prior corresponding period (6 months ended 30 June 2025 "1H25")

- Total Revenue of €72.5m, up 7.9%; On a constant currency basis Total Revenue was €72.0m, up 7.2%
- Subscription revenue of €41.9m, up 15.0%, representing 57.8% of total revenue
- Services revenue of €30.2m, down 0.7%
- ARR of €87.8m, up 14.9%
- Gross Profit of €54.6m, up 6.3%; Gross profit margin was 75.4%
- EBITDA of €17.4m, up 32.3%; EBITDA margin of 24.0%, up from 19.6%
- Statutory Net Profit after tax was €1.9m, up from a net loss after tax of (€1.3m)
- Cash balance of €39.0m, up 11.9% from €34.9m; Positive Free Cash Flow of €10.9m
- Strong commercial and implementation momentum with two new-name wins, two AdminSuite cross-sales, an expanded OneAmerica relationship and multiple on-time, on-budget implementations

Financial Overview

Total revenue increased 7.9% to €72.5 million in 1H26 from the prior corresponding period (pcp). On a constant currency basis, total revenue increased 7.2% to €72.0 million. Growth was driven by a 15.0% increase in subscription revenue to €41.9 million, supported by new-name client wins and continued scaling, cross-selling and up-selling across the existing client base.

FINEOS has retained a strong balance sheet. At 30 June 2026, the Company reported a healthy operating cash balance of €39.0 million with zero debt and generated positive free cash flow of €10.9 million. Following 30 June, two late invoices totaling about €8.0 million that were not received in time to be included in the 2Q26 Results will be included in 3Q26 Results.

Margin improvement was also maintained in 1H26. Compared with the pcp, gross profit margins increased by 6.3 percentage points to 75.4% while EBITDA margins increased to 24.0% from 19.6%. The growth in these key metrics reflected FINEOS' strong revenue uplift and improved operational efficiency.

Operating expenses decreased 2.7% to €37.2 million, driven by lower R&D, product consulting and cloud operations and support expenses. This was partly offset by higher sales and marketing and general administrative expenses.

Net profit after tax for the six-month period ending 30 June 2026 was €1.9 million, up from a loss of €1.3 million in 1H25. The turnaround provides further evidence of FINEOS' return to sustainable profitable growth with a cash generative trajectory.

Operational Highlights

FINEOS maintained strong growth and customer success momentum in 1H26, securing new name clients, expanding relationships with existing clients and completing several significant implementations. Highlights included:

- Secured two new-name FINEOS AdminSuite for Claims clients, including Australian Motor Accident Insurance Board (MAIB) and a North American carrier
- Secured two FINEOS AdminSuite cross-sales covering Policy, Billings & Claims, involving a sale to OneAmerica and another US client
- OneAmerica also licenced FINEOS AdminSuite for Quote & Underwrite and FINEOS Employer Connect
- Completed multiple implementations on time and within budget, including ACC New Zealand's migration to the FINEOS platform within two years

During 1H26, FINEOS continued driving operational efficiencies using technology innovation, AI, workforce location preferences and organisational structure improvements, and process enhancements. As a result, total operating expenses fell 2.7% in 1H26 and as a percentage of total revenue fell 5.6 percentage points to 51.4%.

Commenting on the results, Founder, Chair and Chief Executive Officer Michael Kelly said: "FINEOS delivered a strong first half, achieving many operational milestones and client wins, while at the same time continuing to improve its financial performance. Our customer success performance has helped us achieve numerous cross-sell and up-sell wins with our existing clients as well as multiple client go-lives, as they increasingly see the benefits of our FINEOS Platform.

"Pleasingly, we continued to grow our free cash flow while improving our gross profit and EBITDA margins. Our ARR also improved as we continued to grow higher-margin recurring product subscription revenue. As a result, we were able to report a small net profit for the half and remain confident for future growth and business pipeline opportunities.

"During the half, we continued to invest in and improve our product and platform. We are progressively embedding AI innovation across our whole product suite – quote-to-claim. In addition, we have continued to grow our business with SI partners, who are also enjoying customer success, while they scale their capacity and skills on the FINEOS Platform. Our clients have become more self-sufficient on the FINEOS Platform and, we are confident our singular market and product focus is helping to differentiate FINEOS against our competition to gain market share.

"We continue to be positive about our outlook and growth prospects for the remainder of FY26 and beyond."

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2H26 Key Priorities

For the remainder of FY26 continue growing revenues, margins and cash reserves. Focused on:

- Implement OneAmerica and our other 2026 new FINEOS AdminSuite client - go-lives at start of 2027
- Scale Guardian Life and begin legacy system migration
- Up-sell to other large clients for further adoption and business benefit realisation
- Grow new business sales
- Progressively embed AI in the FINEOS Platform
- Expand internal use of AI to deliver further operational efficiencies

Outlook & Guidance for FY26

FY26 revenue guidance2 of between €147m - €152m is reiterated.

- Supported by strong pipeline and locked in revenues with existing clients as they scale on FINEOS AdminSuite
- Grow profitability and cash generation outcome for FY26
- Drive sales in the North American employee benefits domain
- Explore opportunities to expand our product lines and new markets for FINEOS AdminSuite
- Invest in Marketing & Sales to build on the customer success achieved to date

Outlook & Guidance beyond FY26

- 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 to expand to 75% in FY27 and increase to 80% in FY29
- EBITDA margins to expand 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 Thursday 13 August at 5:00pm AEST / 8:00am IST.

Participants must register for the conference call at the link below and will receive their dial in number upon registration to: **FCL 1H26 Results Conference Call**

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

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