

## FY23X Annual General Meeting

### Chairman's address

Good morning or good evening depending on where you are listening in from today, and welcome to the Annual General Meeting of FINEOS Corporation Holdings PLC.

I'm Anne O'Driscoll, Chairman of the Company and pleased to chair this meeting today.

It is now just past 9 a.m. here in Dublin, the nominated time for the meeting. I have been informed that a quorum is present and am pleased to declare the meeting open.

### Agenda

The format of the meeting will include a brief update by myself on some key aspects of the business, I will then pass over to CEO Michael Kelly, who is here with me today to provide an overview of the Company's performance for the 6-month period that this meeting is addressing, followed by an update on the current year performance and outlook.

Then we will progress to the formal business of the Meeting. We will allow time for questions regarding the resolutions before proceeding to vote on them.

Also present here today are Board members; William Mullaney, David Hollander, and Terri Rhodes. Shelby Coleman and John McKnight, joint Company Secretaries, Ian Lynagh, our CFO, Orla Keegan, Head of Investor Relations, and representatives of the Company's external auditors, Forvis Mazars and lawyers William Fry, are also present on the webcast.

I'd like to begin by clarifying that this annual general meeting is in fact covering a 6-month period to 31 December 2023, as the Company made the decision last year to move to the financial year to align with the calendar year. This 6-month period has been referred to as "FY23X". The move has helped the business in several ways, including being able to align with most clients' fiscal years in North America, which in turn assists management with revenue forecasting, pipeline management, resource allocation and associated cost drivers.

FINEOS has been a listed company for 5 years and over that period has experienced excellent growth in its target market of employee benefits carriers in North America. At the time of the IPO in August 2019, subscription revenue represented 28% of total revenue (for FY18). Through pointed focus and growth this subscription revenue figure has grown to currently sit at 54% of total revenue reflecting the expansion of FINEOS products with existing clients via up-sell and cross-sell in addition to a number of top tier insurance carriers that have been added to the very impressive list of clients, making FINEOS a dominant and clear leader in its market.

During the period of FY23X the Company completed a A\$40 million capital raise, approximately €23.6 million net of costs, to provide financial flexibility for driving the Company's growth strategy, in which Michael participated and invested A\$5 million back into the company. The capital raise was a substantial infusion of funds that not only underscored the confidence investors have in the FINEOS vision and strategy but also provided the Company with the financial flexibility to pursue attractive business opportunities and ultimately drive revenue growth. We are using these funds judiciously with cash balances of €34.2 million at 30 June 2024.

I'll now pass over to Michael to update you on the financial and operational highlights from the 6-month period to 31 December 2023, reflected in the annual report before this meeting, as well as 2024 to date. We will be brief on the financial performance as the market has been brought up to date when we announced the results for the six months to 30 June 2024 only two weeks ago but Michael will speak to the key focus areas and achievements. Over to you, Michael.

### **CEO address and presentation**

Thank you, Anne and welcome everyone to our AGM. Over the six months to 31 December 2023, we navigated through a very busy period and achieved some notable milestones that I will share with you today.

#### **Financial Performance and Capital Raise**

Turning to slide 4 of the presentation, you can see several of the key highlights from the FY23X period, most notably the 10.5% growth in subscription revenue. We have since reported on our first half-year period for FY24, and we continue to report further revenue growth and margin expansion, the details of which can be seen on slide 6.

The capital raise that Anne mentioned has allowed us to focus on running our business while continuing to make the FINEOS Platform a compelling core platform for the employee benefits industry. We have re-architected our New Business and Underwriting product to remove 'end of life' technologies and make the product a cloud native SaaS product. Another expansion opportunity we undertook was the development of our FINEOS Absence product for the U.S. employer market, adding the additional out-of-the-box features and capabilities required by employers who manage their employee absence in-house. I'm delighted to report we have just recently gone into live production with FINEOS Absence for our first North American employer. This opens an adjacent market for FINEOS and gives us the product and, crucially, the customer reference, we require to pursue this 'self-managed' employer segment of the U.S. absence management market.

In addition, we continue to invest in our FINEOS Platform for employee benefits insurance carriers, including FINEOS Claims, FINEOS Absence and FINEOS IDAM (i.e. the combination of our claims and absence products to deliver a single customer experience for 'Integrated Disability and Absence Management'). This work means our clients can implement FINEOS rapidly, enabling them to use our platform to improve their operations and remove their reliance on outdated legacy systems. Finally, we have been investing to ensure Guardian Life will go into live production on time with FINEOS AdminSuite in a few weeks' time.

At the end of FY23X we had €28.1 million in cash and 6 months later, as reported in our 1H24 interim results announcement, we held €34.2 million in cash at bank, reflecting our disciplined cost out and cash management focus. Having a robust financial balance sheet and achieving sustained cash flow positivity is one of our top priorities for this year and next year.

Some of the other notable milestones we achieved during the FY23X period can be seen on slide 5. In terms of our cost out program, we have clear strategies to achieve free cash flow, while also focusing on growth, as can be seen in our results. This year, our employee retention has remained high, which is a testament to our strong culture and engaging work environment here at FINEOS. For all new employees we continue to focus on hiring in our lower cost regional operations.

Slides 6 and 7 cover the latest updates from the business and demonstrate our strong focus on customer success is paying off, as reflected by our product sales and improved operating margins.

Turning to slide 8, we remain focused on several initiatives and goals in the current financial year and, so far, we are on track with all of these.

In terms of the outlook for FY24 we recently reaffirmed the existing guidance range for total revenue to be between €130 and €135 million, albeit to the lower end of the range. We still expect subscription revenue to be higher than our services revenue as we focus on this recurring and higher margin revenue growth. Strict cost management and cash flow generation, as I have already touched on, is a key part of our outlook also and I look forward to updating you on our progress at next year's AGM.

In closing, I would like to thank our employees, our customers, my fellow Directors and all our securityholders for your continued support. We are committed to delivering another successful year for 2024 and beyond.

This concludes my address. I'll now pass back over to Anne to commence the formal business section of the meeting.

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# Annual General Meeting

Anne O'Driscoll, Chairman & Michael Kelly, Founder and CEO

4<sup>th</sup> September 2024



# 1. Chairman's Address

## 2. CEO Address & Outlook



# FY23X<sup>1</sup> Financial Highlights

FINEOS continuing to demonstrate the business' transition to a higher quality subscription revenue base

**Subscription  
Revenue  
€33.0m**

Up 10.5% on 1H23  
Subscription revenue now  
represents 54% of total revenue

**ARR  
€65.3m  
at 31 December'23**

Up 9.9% on 31 December 2022

**Total  
Revenue  
€61.1m**

Down 0.6% on 1H23

**Gross Profit  
€43.7m  
GP margin 71.5%**

GP margin up from 66.9% in 1H23  
GP up 6.3% on 1H23

**EBITDA  
€4.9m  
EBITDA margin 8.1%**

EBITDA margin  
up from (4.2%) 1H23

**Cash Position  
€28.1m  
at 31 December'23**

No debt



# FY23X Operational Highlights

**Guardian AdminSuite delivery progressing well & NYL to extend use of AdminSuite to support voluntary benefits in 2H24**

Proves out the platform to the market for group, voluntary and absence

**APAC clients benefitting from cloud migrations, more anticipated in 2H24 and onwards**

More legacy platforms being made redundant due to maturity of FINEOS Platform

**Securian Canada implements FINEOS Platform for Claims in 5 months**

Record timeframe to go live for a client

**Success in cost outages continues to improve operating margins**

Further cost and automation efficiencies planned in FY24

**1,059  
Total Headcount<sup>1</sup>  
as of 31 Dec '23**

Headcount remained steady with continued redistribution to lower cost regions ongoing into FY24

**Institutional placement completed raising A\$40 million<sup>2</sup> (approx. €23.6m net of costs)**

Strong balance sheet in place

Notes: 1. Headcount includes full time employees and all contractors. 2. Comprising of a fully underwritten A\$35m institutional placement to investors in August and A\$5m conditional placement to Michael Kelly, Founder & CEO of FINEOS, completed in December following FINEOS security holder approval at the AGM.



# 1H24<sup>1</sup> Financial Highlights

Strong operating margins – delivering on strategy

**Subscription  
Revenue  
€34.5m**

Up 6.1% on pcp<sup>2</sup>  
Subscription revenue now  
represents 53.5% of total revenue

**ARR  
€68.7m  
at 30 June'24**

Up 5.2% from €65.3m at 31 Dec '23

**Total  
Revenue  
€64.4m**

Up 1.5% on pcp

**Gross Profit  
€47.4m  
GP margin 73.6%**

GP up 6.5% on pcp  
GP margin up from 70.1% in pcp

**EBITDA  
€7.3m  
EBITDA margin 11.3%**

EBITDA margin  
up from 7.2% in pcp

**Cash Position  
€34.2m  
at 30 June'24**

Free Cash Flow €5.1m  
up from €1.9m at 30 June '23



# 1H24 Operational Highlights

**Strong North America pipeline – multiple wins across new name and existing client up-sells**

Voya Financial latest new name customer to select FINEOS Platform for IDAM claims

**Largest ANZ client commenced cloud migration to FINEOS Platform**

Additional cloud migration confirmed for client in Canada

**Direct to employer absence management clients to go live in 2H24**

Pipeline for direct to employer market expanding

**Success in growing partnerships with North American system integrators**

PwC, EY and Deloitte

**Key FINEOS AdminSuite projects all on track for go lives in 2H24**

Two key clients Guardian and New York Life

**New SaaS version of New Business & Underwriting (NBU) product launched**

Benefits of R&D investment in product being realised in pipeline



# 2H24 Key Priorities

- ✓ Delivering on the Guardian AdminSuite implementation and scaling through 2025 and beyond – important proof point for FINEOS to the market
- ✓ Complete the Direct-to-Employer FINEOS Absence product and get existing clients live to enable full go-to-market approach
- ✓ Further traction in the ANZ region on cloud upgrades and cross sales
- ✓ Increase new business sales as well as cross sales to all our existing clients
- ✓ Continue to drive our clear strategies for operational efficiencies to deliver further cost reductions
- ✓ Execute our mission to be the global market leader in group, voluntary and absence management.



# Outlook & Guidance for FY24

- FY24 (1 Jan – 31 Dec) total revenue guidance reaffirmed; expected to be between €130-135m, albeit to the lower end of the range and composition of revenue slightly changed to:
  - High single digit % growth for subscription revenue versus CY23 (*down from double digit growth*)
  - Low single digit % growth for services revenue versus CY23 (*up from previously flat*)
- Guidance reflects both the recent new name win with Voya Financial and existing client up-sells, despite an increased level of churn from non-core legacy and Limelight Health clients in the second half
- On track for successful delivery of key projects to replace legacy systems in several large carriers to maximise product subscriptions
- Continue strategy of cost savings through operational efficiencies. FY24 total costs expected to decrease (versus CY23)
- FINEOS has seasonal volatility in its cash flows however is planning to generate free cash flow in total for FY25 and being self-funding thereafter
- While the pace of pipeline conversion continues to be challenging, the pipeline remains strong with a number of opportunities developing.

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