1H24 results presentation

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

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1H24[1] Financial Highlights

Strong operating margins – delivering on strategy

Subscription Revenue	ARR	Total Revenue
€34.5m	€68.7m at 30 June'24	€64.4m
Up 6.1% on pcp[2] Subscription revenue now represents 53.5% of total revenue	Up 5.2% from €65.3m at 31 Dec '23	Up 1.5% on pcp

Gross Profit	EBITDA	Cash Position
€47.4m GP margin 73.6%	€7.3m EBITDA margin 11.3%	€34.2m at 30 June'24
GP up 6.5% on pcp GP margin up from 70.1% in pcp	EBITDA margin up from 7.2% in pcp	Free Cash Flow €5.1m up from €1.9m at 30 June '23

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1. 1H24 represents the new financial period of 6 months to 30 June 2024. 2. PCP (prior corresponding period) represents the financial period of 6 months to 30 June 2023 or "2H23".

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

1H24 Financial Performance

All figures €m	6 months to 30 June 2024	6 months to 30 June 2023	% Variance
Revenue	**64.4**	**63.5**	**1.5%**
Subscription	34.5	32.5	6.1%
Services	29.6	30.6	(3.3%)
Initial license fees	0.3	0.4	(8.2%)
Cost of sales	**(17.0)**	**(19.0)**	**(10.3%)**
Gross profit	**47.4**	**44.5**	**6.5%**
Gross profit margin	73.6%	70.1%	
Total operating expenses	(40.1)	(40.0)	0.4%
EBITDA	**7.3**	**4.5**	**60.2%**
EBITDA margin	11.3%	7.2%	

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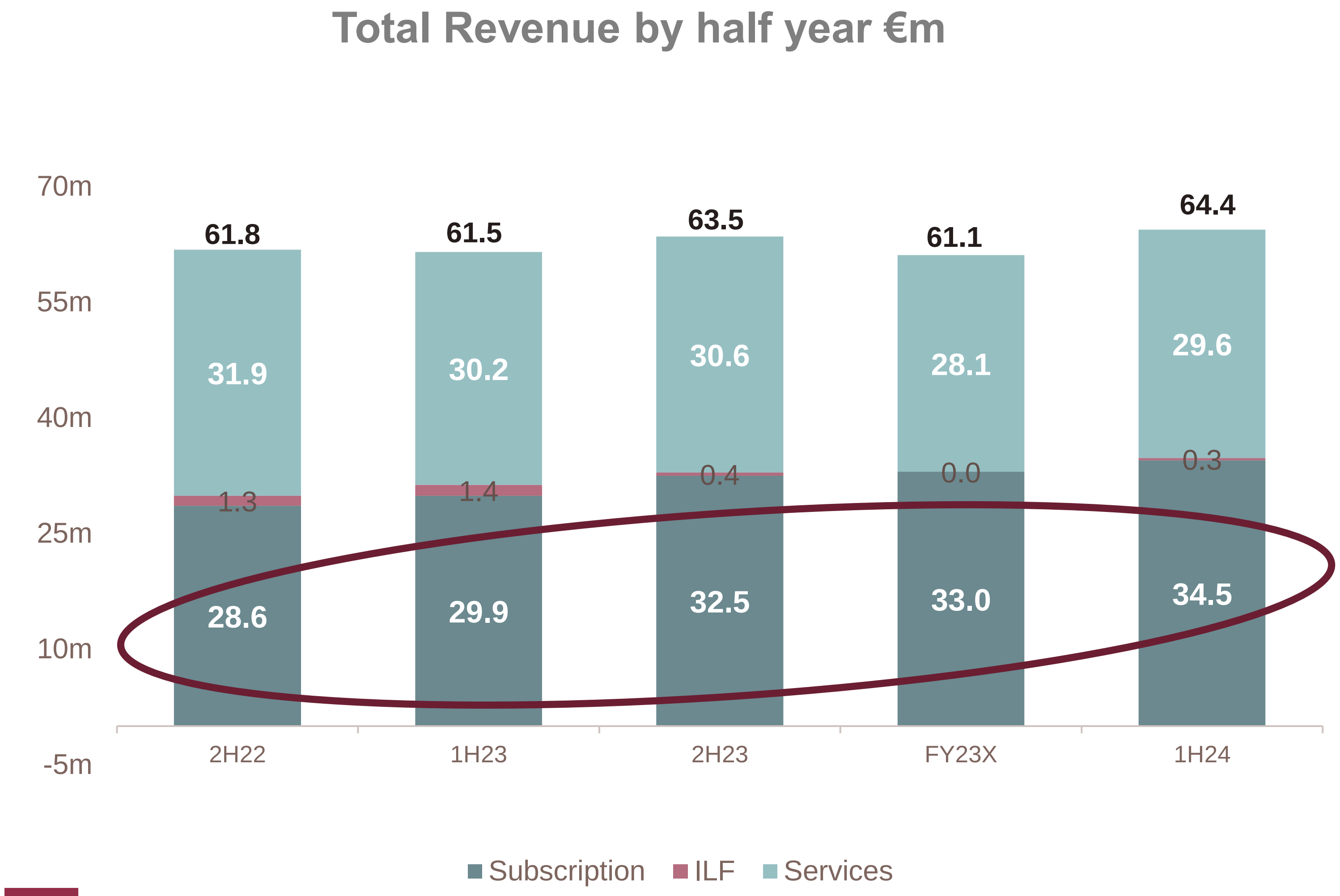
Subscription Revenue growth continues

Subscription revenue now represents 53.5% of total revenue



Breakdown of 1H24 Revenues:

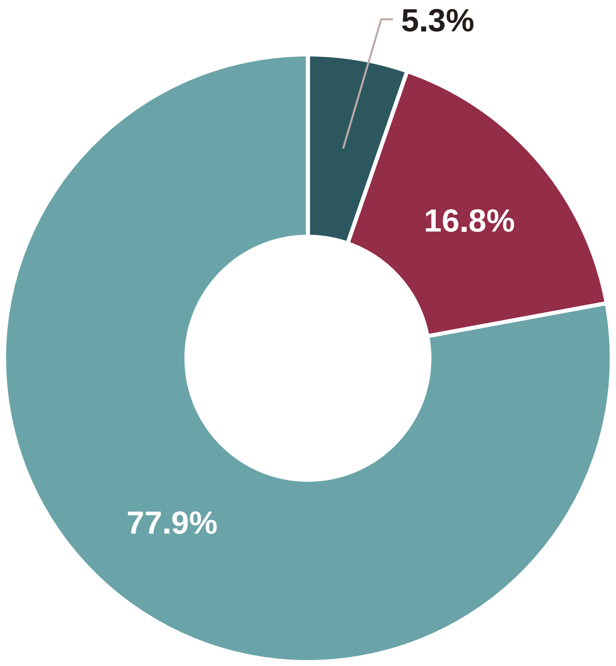
- Overall Revenue up 1.5% compared to 2H23 driven by Subscription growth in North America
- Total Subscription Revenue of €34.5m grew by 6.1% versus 2H23. Growth driven mainly by expansion of footprint within existing customers
- ARR of €68.7m up 5.2% on 31 Dec 2023 reflecting recent wins, offset by churn of approx. €0.8m of ARR during the half
- Services Revenue down 3.3% on 2H23 with corresponding reduction in Product Consulting headcount

1. 1H24 represents the financial period of 6 months to 30 June 2024. FY23X represents the transitional 6 month period to 31 December 2023 as the company then moved to a new financial year commencing 1 January 2024. 2H23 represents the prior corresponding period financial period (pcp) of 6 months to 30 June 2023.

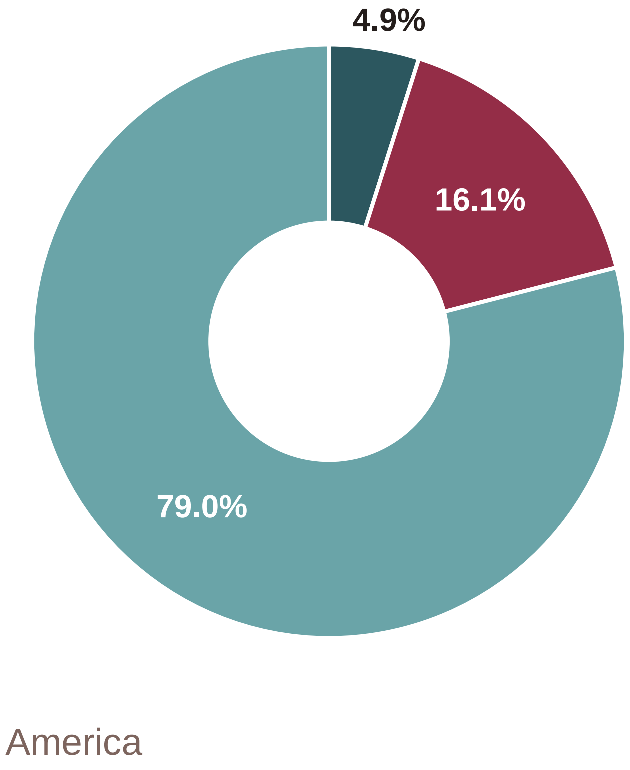
Geographic mix of revenues

Growth in North America share of revenue as it continues to remain the dominant regional source of revenue at 79.0% of total revenue in 1H24

6 months to 30 June 2023 (2H23) revenue by region



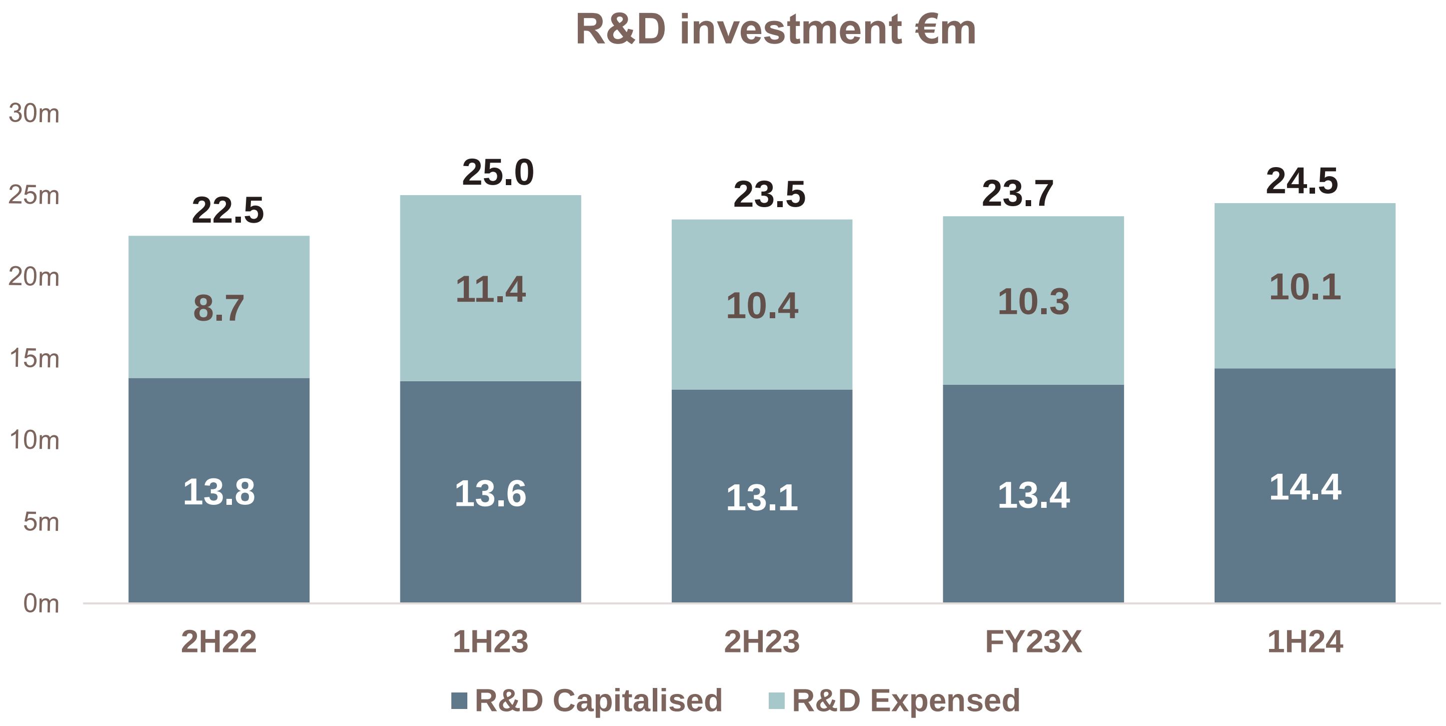
6 months to 30 June 2024 (1H24) revenue by region



Changes to revenue growth by region

- North American revenue grew 2.9% in the period to represent 79.0% of total revenue, due to higher Subscription revenue in the region
- ANZ overall revenue decreased by 2.9% due to a low level of churn in the region however more cloud migrations expected in this region to fuel future growth
- Europe region down 6.0% on 2H23 mainly due to completion of a large implementation project which increased Services revenue in 2H23

R&D investment spend – focus continues to support product development where opportunities arise



Benefit of ongoing investment reflected in Subscription revenue growth

- 37.9% of Revenue invested in R&D in 1H24 versus 36.9% in 2H23
- While investment is up 4.2% on 2H23, 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-architectured New Business and Underwriting (NBU) product to drive further Subscription revenue growth.

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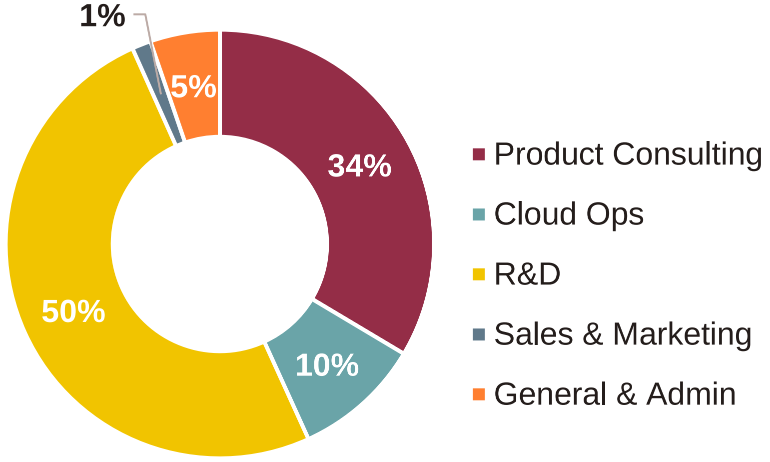
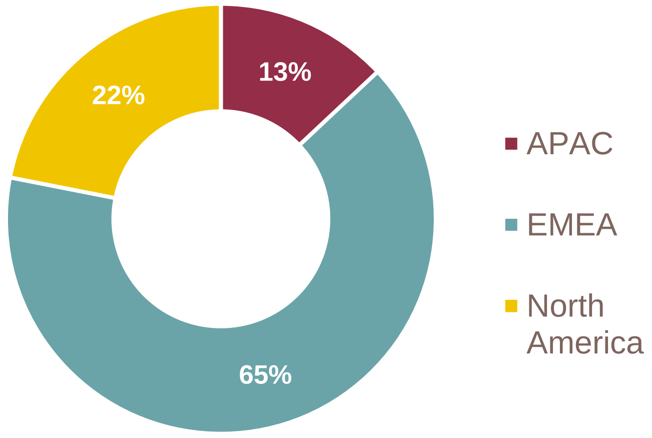
Our people – a key asset of the business

Employees by function



Employees by region



- Average Product Consulting utilisation for the period was 87% (2H23: 86%)
- Retention rate of over 90%
- Move to hiring in lower cost regions a major focus as part of cost reduction program
- 14.1% are contract resources in 1H24 down from 17.6% in 2H23

87%
Utilisation

>90%
employee retention rate

1,053
People

1H24 – Financial Slides

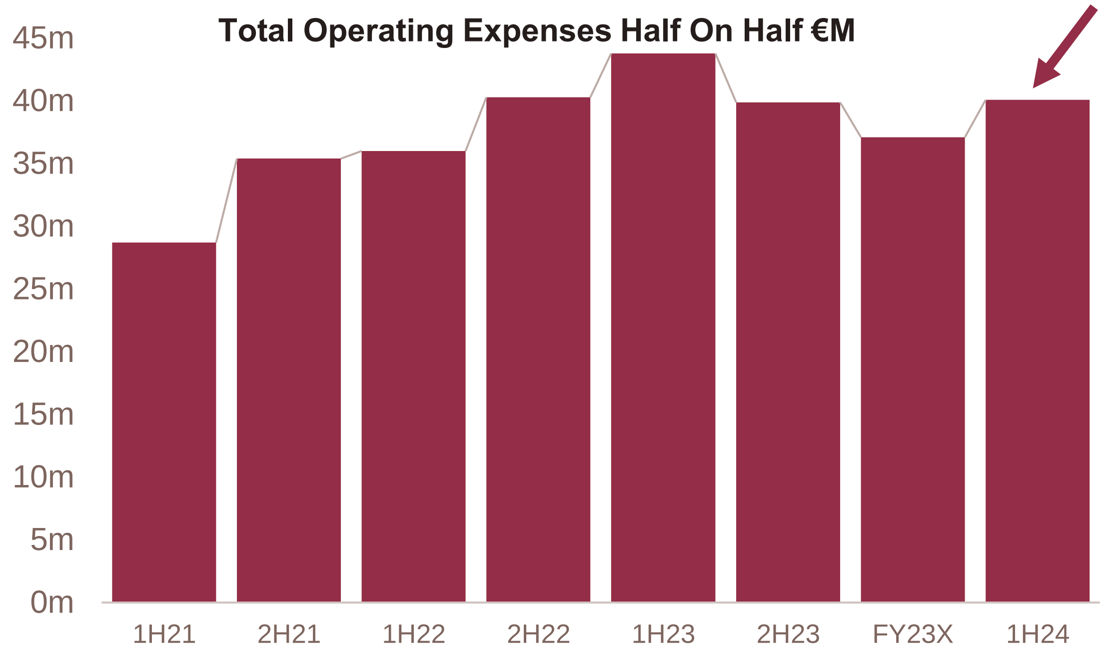
Income Statement

Income Statement	6 months to 30 June 2024	6 months to 30 June 2023	% Change
	€m	€m	
Subscriptions	34.5	32.5	6.1%
Services	29.6	30.6	(3.3%)
Initial licence fees	0.3	0.4	(8.2%)
Total revenue	**64.4**	**63.5**	**1.5%**
Cost of sales	(17.0)	(19.0)	(10.3%)
Gross profit	**47.4**	**44.5**	**6.5%**
Gross profit margin	73.6%	70.1%	
Total operating expenses	(40.1)	(40.0)	0.4%
EBITDA	**7.3**	**4.5**	**60.2%**
EBITDA margin	11.3%	7.2%	
Depreciation	(0.9)	(1.0)	(6.9%)
Amortisation	(12.4)	(11.5)	7.3%
EBIT	**(6.0)**	**(8.0)**	**(24.6%)**
Net interest income/(expense)	0.1	(0.2)	(144.7%)
Loss before tax	**(5.9)**	**(8.2)**	**(28.6%)**
Income tax credit	0.6	1.4	(59.0%)
Loss after tax	**(5.3)**	**(6.8)**	**(22.3%)**
Loss after tax but before amortisation	**7.1**	**4.7**	**50.1%**

- **Total Revenue €64.4m (2H23: €63.5m)**
  - **Subscription revenue** grew by 6.1%
  - **Services revenue** down 3.3% on 2H23 with corresponding reduction in Product Consulting headcount
  - **Cost of sales decreased** by €2.0m (10.3%) on 2H23 due to a reduction in contractor costs of €1.8m (lower contractor headcount), a reduction in employee cost of €0.4m offset by an increase in AWS cost of €0.2m due to more customers migrating to the cloud
  - **Gross profit of €47.4m (2H23: €44.5m), up 6.5%**
- **EBITDA of €7.3m (2H23: €4.5m)**
  - **EBITDA** increase due to subscription revenue growth combined with a reduction in cost of sales driven by cost saving initiatives, shift in headcount base to lower cost countries and favourable exchange rates

Operating Expenses

Operating expenses	6 months to 30 June 2024	6 months to 30 June 2023	% Change
	€m	€m	
Research & development	(11.3)	(12.3)	(7.6%)
Sales & marketing	(2.2)	(3.9)	(42.6%)
Product consulting	(11.1)	(9.8)	13.0%
Cloud operations/support	(7.5)	(8.1)	(7.4%)
General & administration	(8.6)	(9.2)	(7.1%)
Other income	0.6	3.3	(81.8%)
Total operating expenses	**(40.1)**	**(40.0)**	**0.4%**
% of total revenue	62.2%	62.9%	



- R&D costs are down €1.0m (7.6%) on 2H23 linked mainly to higher capitalised amount of €1.2m, higher allocation to cost of sales of €0.8m and a reduction contractor costs incurred of €0.8m offset by an increase in staff costs of €1.8m
- Sales & marketing costs decreased €1.7m (42.6%) on 2H23 mainly due to a reduction in headcount, reduced marketing activities cost combined with a higher cost of sales allocation from sales team, as we place more focus on the employee benefits market in North America
- Product consulting costs increased €1.3m (13.0%) on 2H23 due to a lower cost of sales allocation (utilisation)
- Cloud operations/support costs decreased €0.6m (7.4%) driven by lower staff salary and bonus cost as we migrated headcount to lower cost jurisdictions
- G&A costs decreased €0.6m (7.1%) on 2H23. Factors contributing to the decrease: a reduction in the share option charge (€0.7m); a reduction in the FX charge (€0.4m); a reduction in professional fees (€0.1m), offset by an increase in staff cost (€0.6m)
- Other income decreased €2.7m (81.8%) on 2H23 due to a Spraoi earnout reversal in 2H23 increasing income in that period.

Balance sheet

Statement of Financial Position	30 June 24	31 Dec 23	% Change
	€m	**€m**	
Cash at bank	34.2	28.1	21.5%
Trade receivables	14.5	8.3	75.9%
Other current assets	12.6	8.4	49.3%
Total current assets	**61.3**	**44.8**	**36.8%**
Right of use assets	3.2	3.8	(14.9%)
Development expenditure	88.1	84.8	3.9%
Goodwill	32.7	31.6	3.2%
Deferred tax asset	9.9	9.1	9.1%
Other non-current assets	21.8	22.2	(1.5%)
Total non-current assets	**155.7**	**151.5**	**2.8%**
Total assets	**217.0**	**196.3**	**10.6%**
Trade payables and accruals	16.3	11.6	40.9%
Deferred revenue	30.8	12.1	154.6%
Other current liabilities	1.9	1.9	2.1%
Total current liabilities	**49.0**	**25.6**	**91.9%**
Deferred R&D tax credit	3.0	3.3	(9.5%)
Lease liabilities	3.6	4.1	(13.7%)
Total non-current liabilities	**6.6**	**7.4**	**(11.8%)**
Total liabilities	**55.6**	**33.0**	**68.4%**
Net assets	**161.4**	**163.3**	**(1.1%)**

- **Cash at bank** movement reflects higher revenue in the period combined with the earlier receipt of customer payments and timing of supplier payments
- **Trade receivables** rose 75.9% mainly due to the issue of some significant annual license fee and product consulting invoices in May and June 2024
- **Deferred tax asset** increased €0.8m predominantly due to the increased provision for offset of tax losses against future taxable profits
- **Right of use building** decreased by €0.5m 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 (€14.4m) being ahead of amortisation (€11.1m) in the period
- **Goodwill** increased by positive FX movement of €1.0m on retranslation to closing rates
- **Deferred revenue** increase of €18.7m (154.6%) due to the timing of issue of subscription invoices (predominantly January)
- **Trade payables and accruals** increase of €4.7m (40.9%) influenced by the timing of holiday leave take-up by employees and bonus payments as well as higher contractor invoices (June vs. December) and timing of supplier payments

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Statement of Cash Flows

Statement of Cash Flows	6 months to 30 June 2024	6 months to 30 June 2023	% Change
	€m	**€m**	
Net cash generated from operating activities	19.8	15.5	27.6%
Net cash used in investing activities	(14.7)	(13.6)	8.2%
Net cash generated from financing activities	-	-	26.9%
Net movement in cash and cash equivalents	**5.1**	**1.9**	**166.0%**
Effect of movement in exchange rates	1.0	(0.4)	(359.9%)
Cash & cash equivalents at the beginning of the period	28.1	24.0	17.3%
Cash & cash equivalents at the end of the period	**34.2**	**25.5**	**34.0%**

- **Net cash generated from operating activities** of €19.8m increased 27.6% compared to 2H23 reflecting working capital management
- **Net cash used in investment activities** of €14.7m in 1H24 represents spend on intangible assets of R&D (€14.4m), contract costs (€0.2m) and tangible fixed assets (€0.4m), offset by interest income (€0.2m) and grant income (€0.1m).

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FY24 Outlook & Key Priorities

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.

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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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1. All guidance provided is calculated based on the assumption of a EUR:USD fx rate of 1:1.0828.

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Appendix

Detailed Statement of Financial Position

Statement of Financial Position	30 June 24	31 Dec 23	% Change
	€m	**€m**	
Cash at bank	34.2	28.1	21.5%
Trade receivables	14.5	8.3	75.9%
Unbilled receivables	4.6	1.0	370.7%
R&D tax credit	0.2	0.6	(63.1%)
Prepayments and other receivables	7.8	6.8	13.4%
Total current assets	**61.3**	**44.8**	**36.8%**
Fixed assets	0.9	0.8	9.7%
Right of use assets	3.2	3.8	(14.9%)
Deferred tax asset	9.9	9.1	9.1%
Development expenditure	88.1	84.8	3.9%
Contract costs (commissions)	0.7	0.7	(0.1%)
Goodwill	32.7	31.6	3.2%
Technology and customer relationships	20.2	20.7	(2.0%)
Total non-current assets	**155.7**	**151.5**	**2.8%**
Total assets	**217.0**	**196.3**	**10.6%**
Trade payables	6.3	3.2	98.8%
Deferred revenue	30.8	12.1	154.6%
Deferred R&D tax credit	0.9	0.9	0.3%
Lease liabilities	1.0	1.0	3.6%
Accruals	10.0	8.4	19.2%
Total current liabilities	**49.0**	**25.6**	**91.9%**
Deferred R&D tax credit	3.0	3.3	(9.5%)
Lease liabilities	3.6	4.1	(13.7%)
Total non-current liabilities	**6.6**	**7.4**	**(11.8%)**
Total liabilities	**55.6**	**33.0**	**68.4%**
Net assets	**161.4**	**163.3**	**(1.1%)**