

29 January 2025

Quarterly Activity Report and Business Update

FINEOS Corporation Holdings PLC (ASX:FCL), a leading provider of core systems for life, accident and health insurance (LA&H) carriers globally, presents its unaudited quarterly activity report and Appendix 4C cash flow statement for the three month period ending 31 December 2024 (4Q24), as attached.

Highlights:

- Closing cash balance at 31 December 2024 of €19.8m, down from €29.1m at 30 September 2024 reflecting the seasonal impact of cash collections.
- Cash receipts from customers were €24.5m, in line with the prior corresponding period (pcp), but down 31% from 3Q24 which benefited from subscription revenue invoiced at the end of 2Q24.
- A new name client for FINEOS Absence (IDAM) was contracted in 4Q24 for an initial small deal, with go-live planned in 2025.
- FINEOS AdminSuite, in live production at Guardian since 4Q24. The launch of voluntary benefits on FINEOS AdminSuite at New York Life - Group Benefit Solutions as planned for January 2025 has been successful.
- Our second FINEOS Absence for Employer client went live during this quarter. Reference customers are key to future growth in this market segment - with two implementations completed successfully, this is positive for future expansion.
- The North American new business pipeline remains healthy with four new preferred vendor positions for FINEOS Absence and FINEOS Claims. Pipeline for the Employer market also continues to grow.
- Platform and operational efficiency gains continue to support positive FCF in FY25.
- Product Consulting employee utilisation rate year-to-date average of 85% at 31 December 2024, down slightly with pcp equivalent average of 86% due to a project pause earlier this year which has since resumed.
- Successful Investor Roadshow took place in November 2024 in Sydney, Australia providing the market with an outline of the Company's progress and achievements since listing, an overview of our enhanced platform and product capabilities, and our medium-term financial targets. FINEOS participants included Michael Kelly (CEO and founder), Ian Lynagh (CFO) and Eoin Kirwan (Chief Product Officer).

Financial Performance

The cash balance at 31 December 2024 was €19.8 million, down from €29.1 million at 30 September 2024 reflecting the seasonal impact of less subscription fee collections in 4Q24 and an additional prepayment for FY25 cloud costs in order to obtain better pricing.

Customer cash receipts (net of tax) were €24.5 million, in line with pcg and down 31% on the previous quarter due to the previous quarter benefiting from the seasonally higher collection of subscription revenues. Exchange rate movements during the quarter had a positive recovery impact of €1.2 million on the cash balance.

Research and development costs capitalised for the quarter were €7.3 million. The annual tax credit payment related to the R&D tax credit is due in 2Q25.

Product manufacturing and operating costs in 4Q24 were €7.4 million, a decrease of 11% on 3Q24 due to lower allocation (seasonal availability of time reduced due to holiday period) of customer billable time and down 13% on pcg due to lower contractor costs. Staff costs of €15.4 million increased 9% from 3Q24 and up 10% on pcg due to restructuring, lower allocation of cost of sales and a higher FX impact. Administration and corporate costs in 4Q24 were €5.0 million, down 48% on 3Q24 and down 9% on pcg, primarily reflecting the seasonal impact of annual prepayments for company insurance and software licensing made in 3Q24.

Sales and Marketing operating cost activities in 4Q24 were €0.1 million while headcount fell 3.1% from 3Q24 to 1,022 due to an ongoing focus of cost efficiency and supporting growth in higher value regions.

Commenting on the performance for the quarter, CEO Michael Kelly said: "The last quarter of the calendar year was very busy for the FINEOS team. We contracted another new client for our FINEOS Absence (IDAM) Platform and went live with a second employer with our FINEOS Absence for Employer product. In what was a great endorsement of our FINEOS AdminSuite, both Guardian and New York Life - Group Benefit Solutions hit significant and important milestones, where both clients achieved go-live product launches on time and within budget. Meanwhile, our pipeline remains healthy, and our growth prospects remain strong. We are committed to driving continuous process, platform and people operational efficiencies, as well as growing our revenues. We continue to expect to generate free cash flow in total for FY25 and be self-funded thereafter."

Quarterly Payments

In reference to payments to related parties (Section 6 of the attached Appendix 4C report), item 1 is a lease arrangement with a related entity of Michael Kelly. The rental payment for the quarter was €191k. Item 2 is cash paid for Directors and Non-Executive Directors during the quarter that amounted to €280k which includes salaries and any reimbursements for costs incurred.

There were no other substantive business activities during the quarter.

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

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

FINEOS Corporation Holdings plc

ABN

633 278 430

Quarter ended ("current quarter")

31 December 2024

Consolidated statement of cash flows	Current quarter €'000	Year to date (12 months) €'000
1. Cash flows from operating activities		
1.1 Receipts from customers	24,510	133,270
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(7,400)	(32,793)
(c) advertising and marketing	(135)	(806)
(d) leased assets	(272)	(1,036)
(e) staff costs	(15,353)	(55,776)
(f) administration and corporate costs	(5,001)	(24,050)
1.3 Dividends received (see note 3)		
1.4 Interest received	157	607
1.5 Interest and other costs of finance paid	(77)	(325)
1.6 Income taxes paid	(29)	(219)
1.7 Government grants and tax incentives	51	651
1.8 Other (provide details if material)	494	296
1.9 Net cash from / (used in) operating activities	(3,055)	19,819

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	(90)	(541)
	(d) investments		
	(e) intellectual property	(7,337)	(28,462)
	(f) other non-current assets		
2.2	Proceeds from disposal of:		
	(g) entities		
	(h) businesses		
	(i) property, plant and equipment		
	(j) investments		
	(k) intellectual property		
	(l) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(7,427)	(29,003)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	27	27
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	27	27

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	29,079	28,135
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,055)	19,819
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7,427)	(29,003)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	27	27
4.5	Effect of movement in exchange rates on cash held	1,207	853
4.6	Cash and cash equivalents at end of period	19,831	19,831

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter €'000	Previous quarter €'000
5.1	Bank balances	19,831	29,079
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	19,831	29,079

6.	Payments to related parties of the entity and their associates	Current quarter €'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	191
6.2	Aggregate amount of payments to related parties and their associates included in item 2	280
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

FINEOS Corporation Limited (Ireland) is party to a lease arrangement with Jacquel Properties Limited, a Company controlled by Michael Kelly. The rental expense for the quarter was €191K.

Cash paid for Directors and Non-executive Directors in quarter 4 amounted to €280K which includes salaries, travel and reimbursement of any costs.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end €'000	Amount drawn at quarter end €'000
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (Overdraft)	2,000	NIL
7.4	Total financing facilities	2,000	NIL
7.5	Unused financing facilities available at quarter end		2,000
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>This is an unsecured overdraft facility from Bank of Ireland, the interest rate is 6.44% per annum.</p>		

8.	Estimated cash available for future operating activities	€'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(3,055)
8.2	Cash and cash equivalents at quarter end (item 4.6)	19,831
8.3	Unused finance facilities available at quarter end (item 7.5)	2,000
8.4	Total available funding (item 8.2 + item 8.3)	21,831
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	7.1
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 January 2025.....

Authorised by: The Board of Directors.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively