

28 October 2024

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 30 September 2024 (3Q24), as attached.

Highlights:

- **Closing cash balance at 30 September 2024 of €29.1m, down from €34.2m at 30 June 2024 reflecting the seasonal impact of annual prepayments for company insurance and software licensing made during the quarter, coupled with a deferred payment to a major software infrastructure provider.**
- **Cash receipts from customers up 23% to €35.5m from the prior corresponding period (pcp) due partially to the contribution of revenues from a new name customer, but down 2% from prior quarter which benefited from significant upsell wins**
- **FINEOS AdminSuite successfully launched during the quarter at both Guardian and NYL.**
- **The first Direct-to-Employer client went live with FINEOS Absence during the quarter with the next go-live event expected in 4Q24. Reference customers are key to future growth in this market.**
- **North America new name pipeline continues to be healthy with 4 new preferred vendor positions for initial small deals for FINEOS Absence and FINEOS Claims.**
- **Platform and operational efficiency focus continues to ensure positive FCF in FY25.**
- **Product Consulting employee utilisation rate year-to-date average of 85% at 30 September 2024, down slightly with pcp equivalent average of 88% (due to a project pause earlier this year which has since resumed).**
- **Investor Roadshow planned for w/c 11th November 2024 in Sydney, Australia. FINEOS participants to include Michael Kelly (CEO and founder), Ian Lynagh (CFO) and Eoin Kirwan (Chief Product Officer).**

Financial Performance

The cash balance at 30 September 2024 was €29.1 million, down from €34.2 million at 30 June 2024 due to higher operating payments reflecting the seasonal impact of annual company insurance and software licensing prepayments. These were partly offset by strong quarterly cash collections.

Customer cash receipts (net of tax) were €35.5 million, up 23% on pcp due to the achievement of incremental revenues from a new name customer and down 2% on the previous quarter due to up-sell achievements in 2Q FY24. Exchange rate movements during the quarter had a negative impact of €1.2 million on the cash balance.

Research and development costs capitalised for the quarter were €6.8 million. The annual tax credit payment related to the R&D tax credit is due in 2Q FY25.

Product manufacturing and operating costs in 3Q FY24 were €8.4 million, an increase of 10% on prior quarter and down 6% on pcip. Staff costs of €14.1 million were up 11% on prior quarter and up 3% on pcip due to the timing of contractor payments. Administration and corporate costs for the quarter totaled €9.6 million, up 194% on the previous quarter and up 2% on pcip, primarily reflecting the seasonal impact of annual prepayments for company insurance and software licensing made in this quarter.

Sales and Marketing spend for the quarter was €0.1 million, down 74% on prior quarter and down 71% on pcip. Headcount of 1,055 at 30 September 2024 up 0.9% on previous quarter. The makeup of headcount continues to be reshuffled to support growth in lower cost regions.

Commenting on the performance for the quarter, CEO Michael Kelly said: “Pleasingly, we secured another new contract win during the quarter and were able to finalise several important contract renewals. Our pipeline remains healthy and given the significant progress we are making with existing clients moving their business to the FINEOS Platform, our growth prospects remain strong. We remain committed to driving continuous platform and operational efficiencies, as well as growing our revenues, and expect to generate free cash flow in total for FY25 and be self-funded thereafter.

Within our ANZ region, work remains on track with ACC on their upgrade to the FINEOS Platform. We are actively engaged with all our clients, with particular emphasis on scaling to eliminate their legacy systems.”

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 €186k. Item 2 is cash paid for Directors and Non-Executive Directors during the quarter that amounted to €435k 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.

Investor enquiries:

Howard Marks

P: +61 402 438 019

E: howard.marks@automicgroup.com.au

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")

30 September 2024

Consolidated statement of cash flows	Current quarter €'000	Year to date (9 months) €'000
1. Cash flows from operating activities		
1.1 Receipts from customers	35,457	108,760
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(8,358)	(25,393)
(c) advertising and marketing	(79)	(671)
(d) leased assets	(235)	(764)
(e) staff costs	(14,134)	(40,423)
(f) administration and corporate costs	(9,572)	(19,049)
1.3 Dividends received (see note 3)		
1.4 Interest received	192	450
1.5 Interest and other costs of finance paid	(80)	(248)
1.6 Income taxes paid	(167)	(190)
1.7 Government grants and tax incentives		600
1.8 Other (provide details if material)	(209)	(198)
1.9 Net cash from / (used in) operating activities	2,815	22,874

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	(17)	(451)
	(d) investments		
	(e) intellectual property	(6,750)	(21,125)
	(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	(6,767)	(21,576)

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		
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		

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	34,183	28,135
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,815	22,874
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6,767)	(21,576)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(1,152)	(354)
4.6	Cash and cash equivalents at end of period	29,079	29,079

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	29,079	34,183
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)	29,079	34,183

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	186
6.2	Aggregate amount of payments to related parties and their associates included in item 2	435
<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 3 amounted to €435K 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	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.		
	This is an unsecured overdraft facility from Bank of Ireland, the interest rate is 6.8% per annum.		

8.	Estimated cash available for future operating activities	€'000
8.1	Net cash from / (used in) operating activities (item 1.9)	2,815
8.2	Cash and cash equivalents at quarter end (item 4.6)	29,079
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)	31,079
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<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: 28 October 2024.....

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