



Financial year ending 31 Dec 2021 (1H22) Results Investor Presentation

Michael Kelly CEO & Tom Wall CFO

24th February 2022



Disclaimer

This presentation has been prepared by FINEOS Corporation Holdings PLC (**Company** or **FINEOS**). By accessing or attending this presentation, you acknowledge that you have read and understood the following statements. **NO OFFER OF SECURITIES** Nothing in this presentation should be construed as either an offer or a solicitation of an offer to buy or sell securities in the Company in any jurisdiction or be treated or relied upon as a recommendation or advice by the Company. **NOT FINANCIAL PRODUCT ADVICE** Nothing in this presentation constitutes legal, financial, tax or other advice or any recommendation by the Company. The information in this presentation does not take into account the particular investment objectives, financial situation, taxation position or needs of any person. You should not rely on the presentation and in all cases, you should conduct your own investigations and analysis of the financial condition, assets and liabilities, financial position and performance, profits and losses, prospects and business affairs of the Company, and the contents of this presentation and seek legal, financial, tax and other professional advice. **FORWARD-LOOKING STATEMENTS** This presentation may contain certain forward-looking statements, forecasts, estimates, projections, beliefs and opinions (**Forward Statements**). Forward-looking statements can be identified by the use of 'forward-looking' terminology, including, without limitation, the terms 'believes', 'estimates', 'anticipates', 'expects', 'projects', 'predicts', 'intends', 'plans', 'propose', 'goals', 'targets', 'aims', 'outlook', 'guidance', 'forecasts', 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology. Forward Statements involve elements of subjective judgment and analysis, and are subject to known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future, assumptions which may or may not prove correct, and may be beyond the Company's ability to control or predict. No representation or guarantee is made by the Company or any other person that any of these Forward Statements or forecasts will be achieved or proved to be correct. Readers are cautioned not to place undue reliance on Forward Statements and the Company assumes no obligation to update such statements (except as required by applicable regulations or by law). **PAST PERFORMANCE** Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon (and is not) and indication of future performance. **FINANCIAL INFORMATION** All financial values contained in this presentation are in Euros (€) unless otherwise stated. This presentation contains a number of non-IFRS financial measures. The Company believes this information provides useful information for investors and form key performance indicators for the Company. Financial information in this presentation including totals and percentages may be subject to rounding. **THIRD PARTY INFORMATION AND MARKET DATA** This presentation contains information that has been derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, reliability, adequacy or completeness of the information. This presentation should not be relied upon as a recommendation or forecast by the Company. **NO LIABILITY OR RESPONSIBILITY** The information in this presentation is provided in summary form and is therefore not necessarily complete. To the maximum extent permitted by law, the Company and each of its subsidiaries, affiliates, directors, employees, officers, partners, agents and advisers and any other person involved in the preparation of this presentation disclaim all liability and responsibility (including without limitation, any liability arising from fault or negligence) for any direct or indirect loss or damage which may arise or be suffered through use or reliance on anything contained in, or omitted from, this presentation. The Company accepts no responsibility or obligation to inform you of any matter arising or coming to its notice, after the date of this presentation, which may affect any matter referred to in this presentation. This presentation should be read in conjunction with the Company's other periodic and continuous disclosure announcements lodged with ASX.

ers
onal use only



1H22 Financial Highlights

**Total
Revenue of
€65.4m**

**24.4% growth
on 1H21**

**Subscription¹
Revenue
€25.2m**

**41.0% growth
on 1H21**

**Services
Revenue
€39.5m**

**18.3% growth
on 1H21**

**Gross Profit
€42.5m
GP Margin 65.0%**


**25.6% growth on 1H21
Margin in line with 1H21 of 64.4%**

**EBITDA
€6.5m
EBITDA Margin 9.9%**

**Vs €3.2m in 1H21
Margin increased from 6.1%**

**ARR
€51.8m
at 31 December '21**

**€45.7m at 30 June '21
€38.3m at 31 December '20**

 1. Subscription revenue represents all recurring Software revenue calculated as total Software revenue less Initial License Fees (1H22 ILF: €0.7m and 1H21 ILF €1.2m) as they are non-recurring.

1H22 Operating Highlights

**Enhanced
FINEOS Insight
launched**

New client win during 1H22

**North America revenue
increases to 80.0% of
total revenue up from
70.7% in 1H21**

North America focused
growth strategy working

**€46.0 million raised
via Institutional
placement and SPP**

Supports FINEOS's growth
strategy

**>90%
Employee retention
rate**

Global workforce offered
hybrid working model

**1,098
Total headcount¹
at 31 Dec '21**

Increase of 5.3% on 1H21

**FY22 Subscription
revenue growth of
~30% reaffirmed**

Total FY22 revenue expected to be
at lower end of range €125-130m

 1. Headcounts includes full time employees and all contractors.

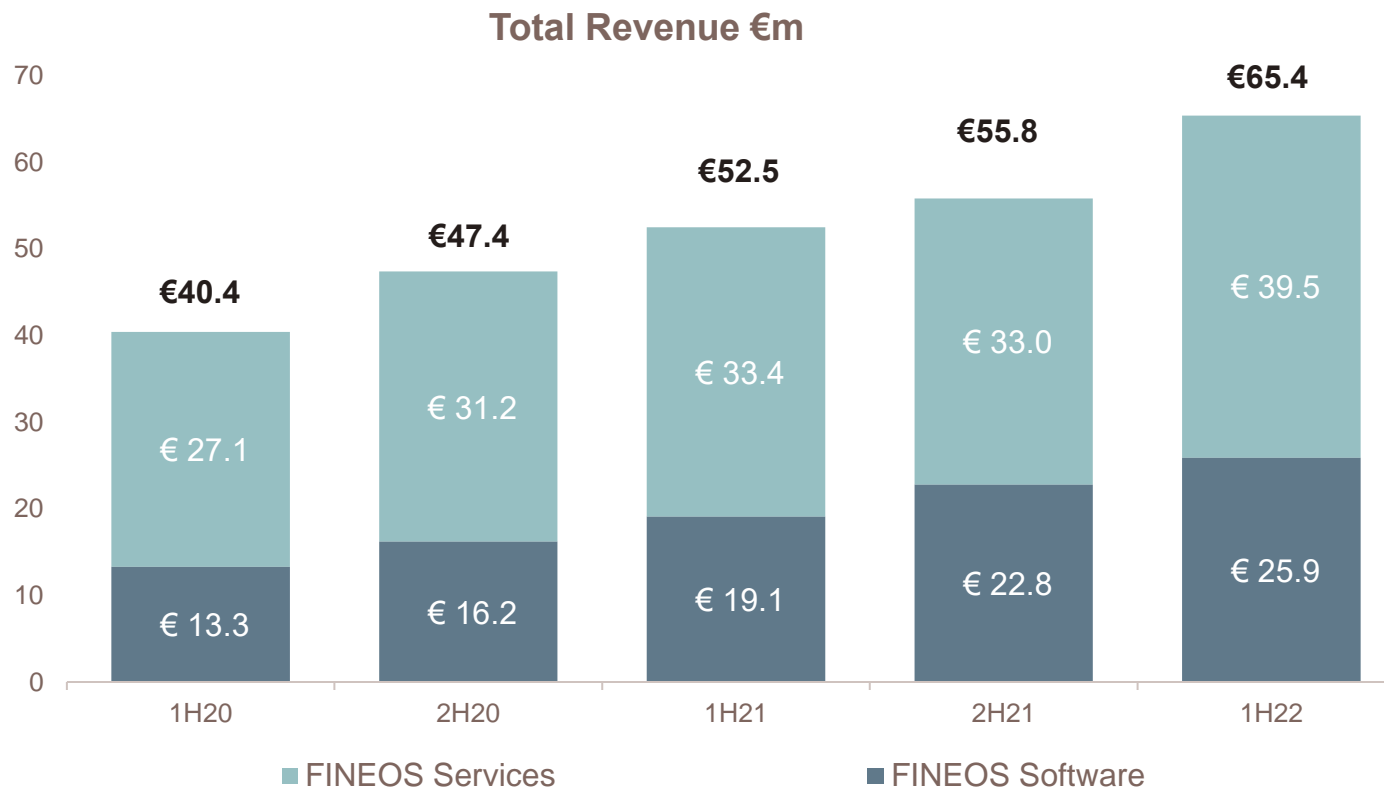
1H22 Financial Performance

All figures €m	1H22	1H21	% Variance
Revenue	65.4	52.5	24.4%
Software ¹ : Subscription revenue	25.2	17.9	41.0%
Initial License Fees	0.7	1.2	(47.3%)
Services	39.5	33.4	18.3%
Cost of sales	(22.9)	(18.7)	22.5%
Gross profit	42.5	33.8	25.6%
Gross profit margin	65.0%	64.4%	
Total operating expenses	(36.0)	(30.6)	17.6%
EBITDA	6.5	3.2	103.1%
EBITDA margin	9.9%	6.1%	

1. Software revenue is made up of Subscription recurring revenue and Initial License Fees which are non-recurring.

1H22 Revenue Highlights

Total revenue of €65.4m, an increase of 24.4% on 1H21



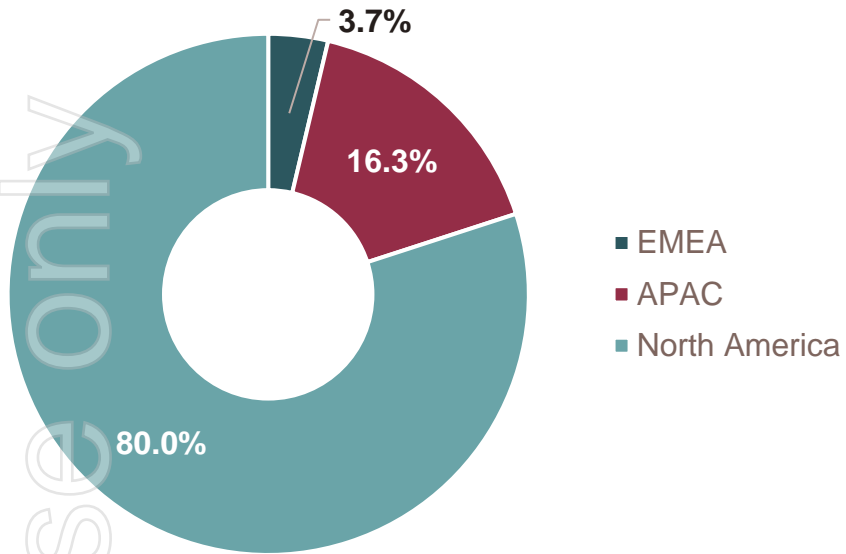
ARR¹: €51.8 million

- Total revenue growth driven by cross-selling and up-selling to existing client base, and a new client win.
- Excluding contributions from acquisitions;*
- Total organic revenue growth of 22.3% vs 1H21
 - Subscription organic revenue² growth of 39.5% vs 1H21
 - Services organic revenue growth of 16.4% vs 1H21

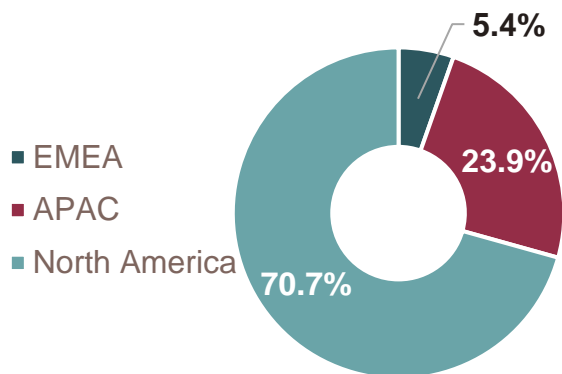
(1. Calculated as December's monthly contracted subscription revenue annualised. 2. Subscription revenue represents all recurring Software revenue calculated as total Software revenue less Initial License Fees (1H22 ILF: €0.7m and 1H21 ILF €1.2m) as they are non-recurring.

Geographic mix of revenue

1H22 revenue by region



1H21 revenue by region



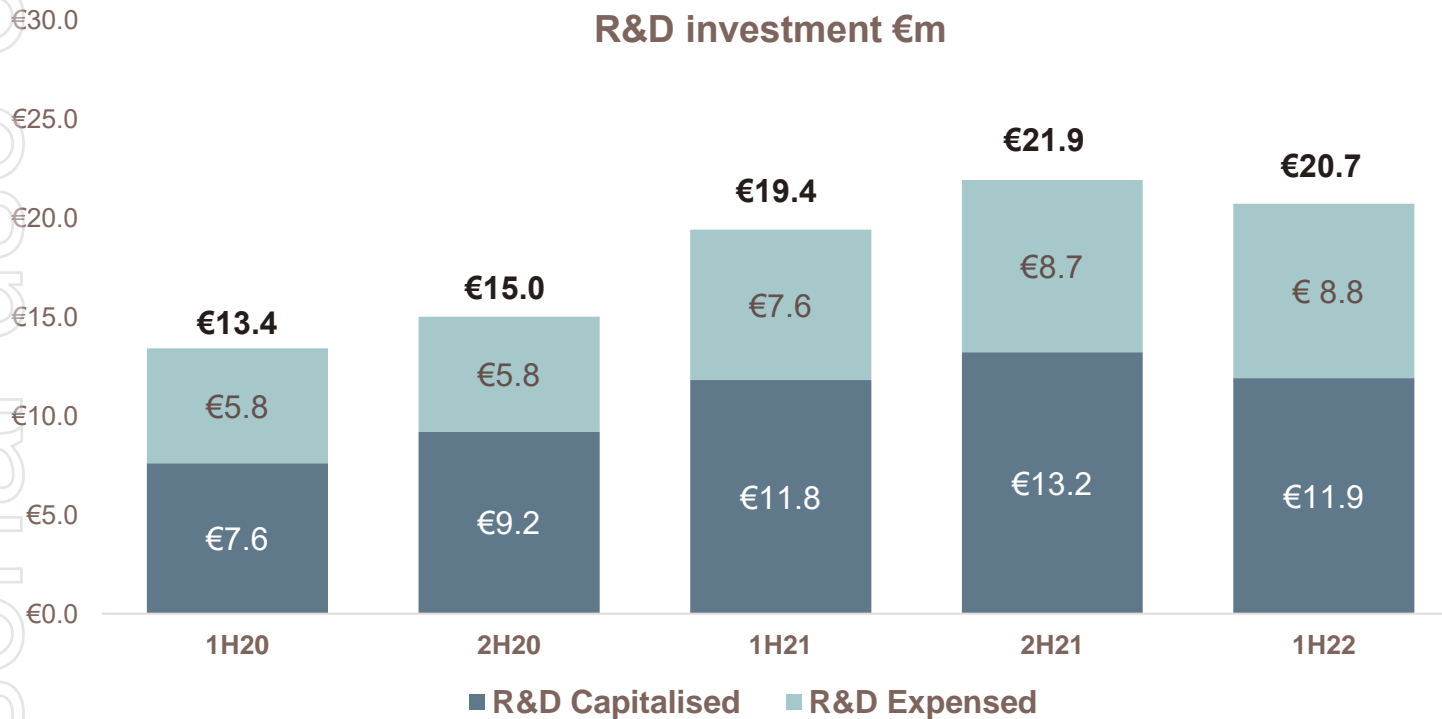
Revenue growth in the North American region driven by:

- Incremental subscription increases in large clients as milestones reached
- Up-sell of FINEOS licensed products for new lines of business and new client department usage by clients
- Cross sell of FINEOS products to existing clients
- New customer win
- The acquisitions of Limelight Health and Sprai in FY21



R&D Investment

FINEOS continues to dedicate significant resources and financial investment to develop its software through research and development

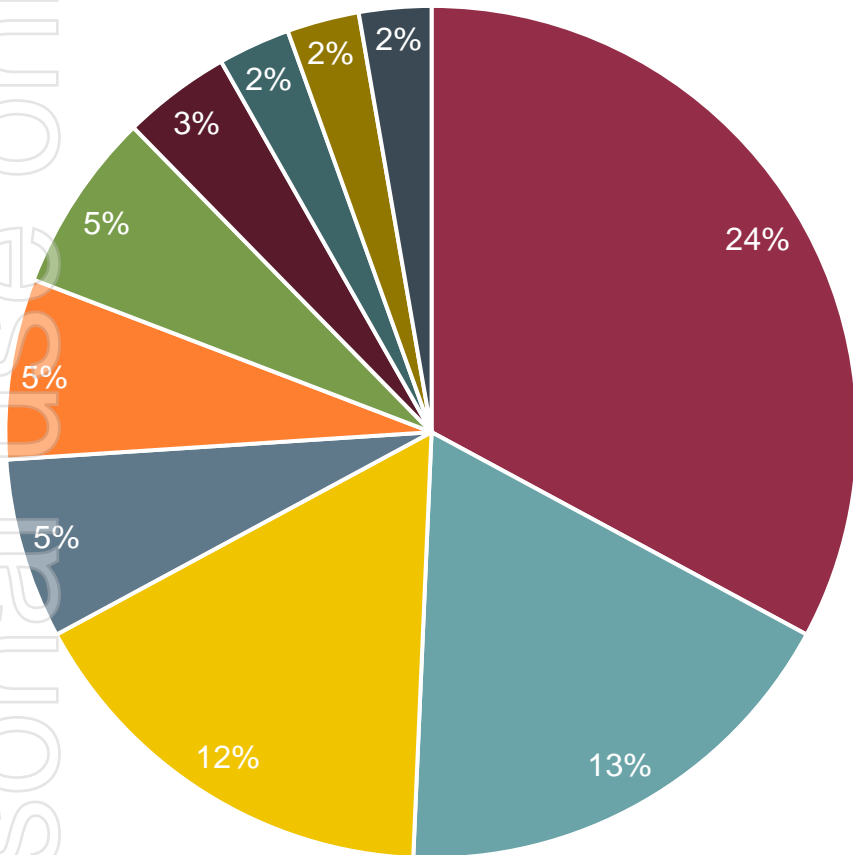


Continued investment in R&D to capitalise on the market opportunity

- 31.7% of revenue invested in R&D in 1H22, versus 36.9% in 1H21
- 3.7% growth in the R&D team size in 1H22 compared to 1H21
- Expectation of higher investment in R&D in 2H22 due to Product Engineering team size increases
- Over €170m invested in the FINEOS Platform since FY15

Our Clients

Client concentration
Top 10 by 1H22 revenue



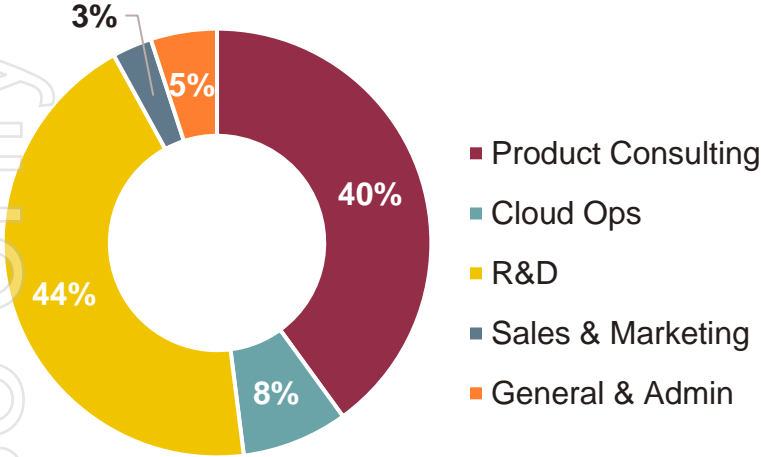
Client revenue concentration decreasing over time as client base of leading insurance carriers expands

Client	No. of years	Length of relationship	% of 1H21 revenue	% of 1H22 revenue
Client 1	3	3 years	13%	24%
Client 2	11	11 years	13%	13%
Client 3	3	3 years	7%	12%
Client 4	18	18 years	9%	5%
Client 5	2	2 years	5%	5%
Client 6	19	19 years	5%	5%
Client 7	7	7 years	5%	3%
Client 8	2	2 years	<1%	2%
Client 9	15	15 years	2%	2%
Client 10	1	1 year	<1%	2%

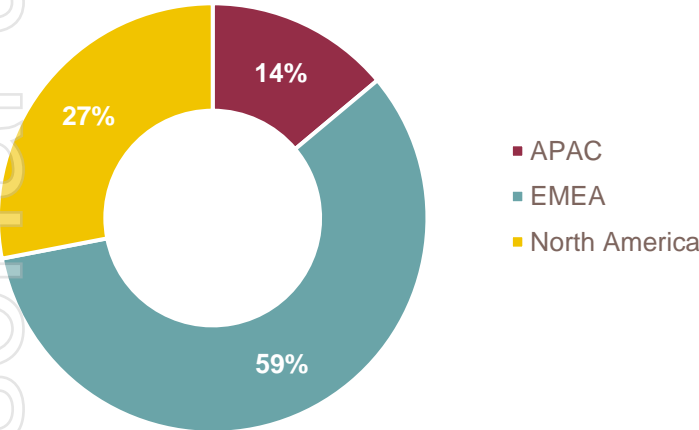


Our People

Employees by function



Employees by region



- Average utilisation for the period was 90%, up on prior corresponding period average of 86%
- Retention rate remains high at over 90%
- FINEOS India to accelerate hiring as new agreements now in place with sourcing partners
- A “remote first hybrid” approach has been implemented as all offices worldwide have opened up again.

90%
Utilisation¹

>90%
Employee retention rate

1,098
People

1. Relates to Product Consulting employees. All data as at 31 December 2021.

ersonal use only

Financial Performance

Statutory Income Statement

€ m	1H22	1H21	% Change
Software	25.9	19.1	35.6%
Services	39.5	33.4	18.3%
Total revenue	65.4	52.5	24.4%
Cost of sales	(22.9)	(18.7)	22.5%
Gross profit	42.5	33.8	25.6%
Total operating expenses	(36.0)	(30.6)	17.6%
EBITDA	6.5	3.2	103.1%
Depreciation	(1.2)	(1.0)	20.0%
Amortisation	(9.9)	(7.2)	37.5%
EBIT	(4.6)	(5.0)	(8.0%)
Net interest expense	(0.6)	(0.3)	100.0%
Loss before tax	(5.2)	(5.3)	(1.9%)
Income tax expense	0.6	0.2	200.0%
Net loss after tax	(4.6)	(5.1)	(9.8%)

- 1H22 overall revenue growth of €12.9m on 1H21
 - Software revenue (including ILF) grew 35.6% on 1H21; within that, total subscription revenue grew by 41.0%
 - Organic subscription revenue grew 39.5% on 1H21. This excludes the contribution from prior year acquisitions and ILF
 - ILF (€0.7m) decreased 47.3% vs 1H21 as transition continues from the old ILF/ALF revenue model to the cloud-based SaaS model
 - Services revenue grew 18.3% on 1H21 reflecting increased demand and upselling to existing clients
- Cost of sales: contractor costs increased by €3.4m due to higher headcount and hosting costs increased by €1.0m
- Amortisation run rate increased €2.7m on 1H22. Main drivers:
 - Increased capitalisation flows through to higher R&D amortisation of €2.1m; €1.9m due to significant additions to R&D in FY21, €0.2m due to acquired R&D (Spraoi).
 - Amortisation of right of use software up €0.2m due to additional software leases added FY21



Operating Expenses

€ m	1H22	1H21	% Change
Research & development	(9.5)	(8.4)	13.1%
Sales & marketing	(3.1)	(2.7)	14.8%
Delivery	(8.5)	(6.8)	25.0%
Cloud ops./support	(7.2)	(4.3)	67.4%
General & administration	(8.3)	(9.1)	(8.8%)
Other income	0.6	0.7	(14.3%)
Total operating expenses	(36.0)	(30.6)	17.6%

- R&D operating costs are up €1.1m on 1H21 linked mainly to average headcount increasing by 3.7% in 1H22.
- Sales & marketing costs increased €0.4m on 1H21 which reflects the integration of the acquisitions' headcount.
- Product consultant (delivery) costs increased €1.7m on 1H21 primarily due to the average headcount increasing by 9.9% between 1H21 and 1H22 which is linked to additional revenues.
- Cloud operations costs increased €2.9m on 1H21 as average headcount increased by 34.4% between 1H21 and 1H22. Other increases included additional hosting costs.
- G&A cost is down €0.8m vs. 1H21 (which included merger costs of €1.7m). Rent reduced (€0.2m) due to surrender of some office space in Dublin. Increase in costs 1H22 vs. 1H21: insurance (€0.3m), discount unwind and FX on Spraoi earnout (€0.3m), software and peripherals (€0.3m).



Financial Position

€ m	31 December 21	30 June 21	% Change
Cash at bank	48.6	14.0	247.1%
Trade receivables	12.8	22.3	(42.6%)
Unbilled receivables	2.4	1.2	100.0%
R&D tax credit	1.7	1.5	13.3%
Prepayments and other receivables	6.1	4.6	32.6%
Total current assets	71.6	43.6	64.2%
Fixed assets	1.4	1.7	(17.6%)
Right of use assets	6.3	6.6	(4.5%)
Development expenditure	69.7	65.6	6.3%
Contract costs (commissions)	1.4	1.6	(12.5%)
Goodwill	43.4	41.3	5.1%
Technology and customer relationships	24.2	24.0	0.8%
Total non-current assets	146.4	140.8	4.0%
Total assets	218.0	184.4	18.2%
Trade payables	1.1	3.3	(66.7%)
Deferred revenue	7.9	17.0	(53.5%)
Deferred R&D tax credit	1.2	1.3	(7.7%)
Lease liabilities	1.6	2.2	(27.3%)
Contingent consideration	2.1	1.7	23.5%
Accruals	8.5	8.9	(4.5%)
Total current liabilities	22.4	34.4	(34.9%)
Deferred R&D tax credit	4.8	5.2	(7.7%)
Lease liabilities	5.2	5.2	0.0%
Contingent consideration	3.1	2.9	6.9%
Total non-current liabilities	13.1	13.3	(1.5%)
Provisions	0.5	0.4	25.0%
Total liabilities	36.0	48.1	(25.2%)
Net assets	182.0	136.3	33.5%

- Cash at bank movement reflects capital raise during 1H22 (€46.0m), ongoing investment in R&D to support implementations and ongoing product development.
- Trade receivables fell 42.6% since 30 Jun 21 due to timing of both payments from customers in Q2 and subscription renewals.
- Right of use building increased due to additions (new leases added €0.9m) offset in part by asset depreciation (€0.7m).
- Right of use software decreased due to asset amortisation (€0.6m) being well ahead of additions (new leases €0.1m).
- Development expenditure increase explained by R&D capitalised spend (€11.9m) being ahead of amortisation (€8.0m) in period.
- Retranslation of goodwill to period closing rates resulted in positive FX movement of €2.0m
- Deferred revenue decrease of 53.5% due primarily to the timing of subscription renewals. More than 50% of clients renewed in January which increases the deferred revenue at the start of the calendar year.
- Total contingent consideration (current €2.1m and non-current €3.1m) reflects the earnout provision on Sprai deal. The movement 1H22 is due to adjustments for discount unwind (€0.3m) and FX (€0.2m).
- Provisions reflect provisions for deferred tax liabilities. 1H22 represents a deferred tax liability on acquired intangibles (Limelight) plus deferred tax temporary differences arising in the period less a deferred tax asset on the Limelight tax loss carry forwards. The movement at 31 Dec 21 v 30 June 21 reflects the utilisation of tax losses in the period.

Statement of Cash Flows

€ m	1H22	1H21	% Change
Net cash flows from operating activities	1.0	3.3	(69.7%)
Net cash used in investing activities	(12.2)	(68.3)	(82.1%)
Net cash generated from financing activities	45.3	56.2	(19.4%)
Net movement in cash and cash equivalents	34.1	(8.8)	487.5%
Effect of movement in exchange rates	0.5	(0.3)	(266.7%)
Cash & cash equivalents at the beginning of the period	14.0	39.8	(64.8%)
Cash & cash equivalents at the end of the period	48.6	30.7	58.3%

- Lower net cash inflow from operating activities primarily due to the timing of and increase in contractor payments.
- 1H22 Investment activities represent spend on intangible assets - R&D (€11.9m), contract cost (€0.1m) and tangible fixed assets (€0.2m).
- Financing activities reflects the net amount of cash raised from the new issue of CDIs (€46.0m) less share issue costs (€0.7m).




ersonal use only

Outlook

FINEOS Outlook¹

- Total FY22 revenue is expected to be at the lower end of the guidance range previously provided; €125-130m. Importantly, Subscription revenue guidance is reaffirmed with continued growth in the second half expected to deliver an annualised growth rate of approximately 30%
- The outlook for Services revenue reflects both the current budgetary challenges for many insurance carriers and a move by FINEOS to rely more extensively on system integrator partners for product implementations
- Growth expectations supported by a pipeline of cross-sell and up-sell opportunities with existing and new clients
- Continued investment in R&D to capitalise on the market opportunity.

 1. The outlook and guidance are subject to ongoing review and the uncertainty surrounding the impact of the COVID-19 pandemic on the global economy. All guidance provided is calculated based on the assumption of a EUR:USD fx rate of 1:1.1156.

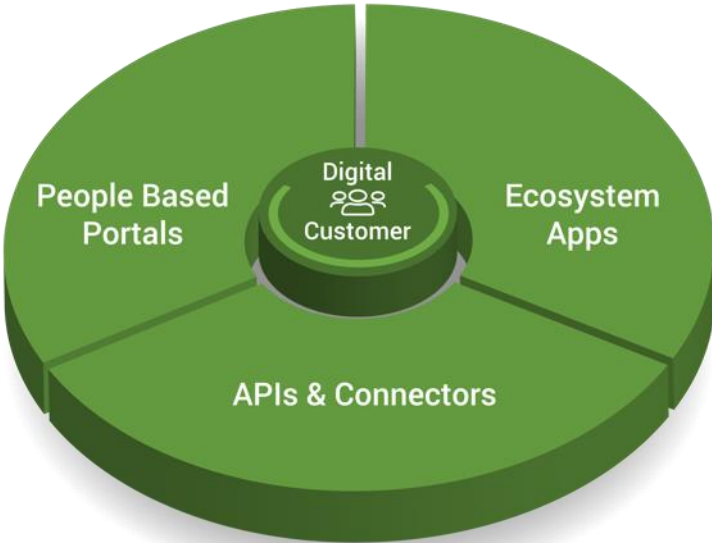
The FINEOS Platform

FINEOS AdminSuite



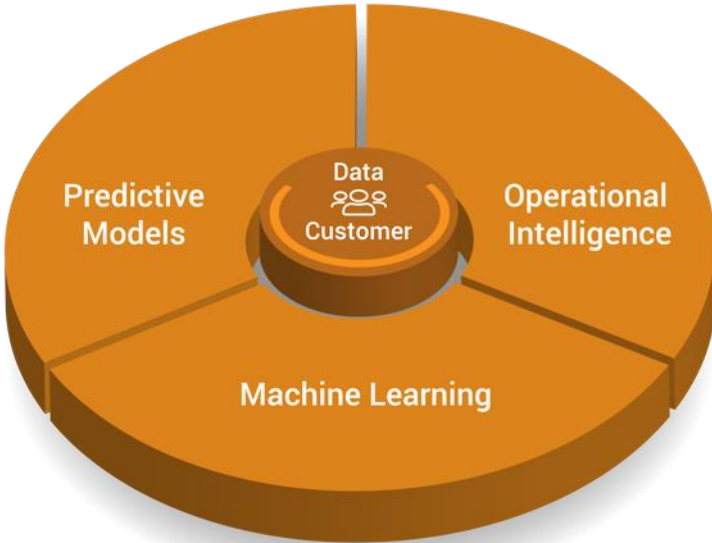
- Consumer/employer core admin
- Digital friendly process model
- Case management rules and workflow

FINEOS Engage



- PLATFORM CAPABILITIES**
- End-to-end integrated components
 - Comprehensive API support
 - Machine learning capabilities

FINEOS Insight



- Configurable SaaS platform
- Secure, stable and scalable
- End-to-end episode management

ersonal use only



ersonal use only