

27 March 2023

FINEOS announces €10m operating cost reduction in FY24 and Investor Roadshow

FINEOS Corporation Holdings PLC (ASX:FCL) (FINEOS or Company), the leading provider of core systems for life, accident and health and employee benefits insurance carriers globally, advises that FINEOS will attend investor meetings between March 27th and March 30th in Melbourne and Sydney.

Michael Kelly, CEO, and Ian Lynagh, CFO, will deliver a presentation explaining how FINEOS has a €10m operating cost reduction in place, while continuing growth and moving to free cash-flow during the second half of Company's next financial year - FY24.

- ENDS -

This release has been authorised for provision to ASX by the Company's Chairman and CEO.

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About FINEOS:

FINEOS (ASX:FCL) is a leading provider of core systems for life, accident and health insurance carriers globally with 7 of the 10 largest group life and health carriers in the US as well as a 70% market share of Group Insurance in Australia. With employees and offices throughout the world, FINEOS continues to scale, working with innovative progressive carriers in North America, Europe and Asia Pacific.

The FINEOS Platform provides customers full end-to-end core administration for group, voluntary and absence employee benefits across the global life, accident and health industry. The FINEOS Platform includes the FINEOS AdminSuite core product suite as well as add-on products, FINEOS Engage to support digital engagement and FINEOS Insight for analytics and reporting.

For more information, visit www.FINEOS.com



FCL Investor Roadshow Presentation

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

27 March 2023 (Melbourne)

29 March 2023 (Sydney)



Agenda

Free Cash Flow from 2H24

Achievements since IPO

Strategy Execution

FINEOS moving to Free Cash Flow from 2H24

Cost reduction strategies in place

Operating cost reduction of approximately €10m in place for FY24:

- Direct costs savings of €8m
- Indirect costs savings of €2m

Achieved by:

- Workforce re-location to more attractive cost bases
- Eliminated non-essential headcount with work redistribution
- Reduced usage of certain higher cost based 3rd party contractors
- R&D CloudOps automation driving greater efficiencies
- Re-contracting with suppliers for better value
- Tight management of salaries in a changed employment environment

In addition to above:

- Non-repeat of once-off earn-out costs associated with Spraoi (€2.4m in FY23)

FINEOS moving to Free Cash Flow from 2H24

Increased Revenue expectations based on new business conversion

Strong New Business Pipeline for:

- FINEOS Claims – New Name
- FINEOS Absence – Cross-Sell & New Name
- FINEOS AdminSuite (NB&U) – Cross-Sell & New Name

Working Capital coverage:

- No Debt with Strong Bank Relationships – Overdraft in place
- Debt facility to bridge any funding gaps if required



Significant Investments since IPO - August 2019

Purpose built FINEOS AdminSuite for Employee Benefits – Group, Voluntary & Absence Management

NYL US\$4b live on AdminSuite eliminating 6 legacy core systems

Integrated Absence & Claims creating the market leading FINEOS Platform for IDAM

11 clients for FINEOS Absence including 4 Top 10 Group Carriers

FINEOS Platform – a SaaS platform for automation, data security & client / partner eco system

CloudOps efficiency now delivering dividends

Acquisitions of Limelight & Sprai to enable full end-to-end capabilities & enhanced data insights

Full Quote to Claim service for the Employee Benefits market

Strategic product relationships in place with 3 Top 10 Group Carriers in the USA

FINEOS Platform for Employee Benefits – Strong Endorsement

Proven upgrade path of Claims on-premise clients to the FINEOS Platform

Long term loyalty, investment and advocacy



Growth achieved since IPO - August 2019

Note: Measurements calculated from 2H19 to 1H23 inclusive

Total Revenue growth of 84%

Continued YoY growth in Revenues

Significant Subscription Fee Revenue growth of 186%

Key Revenue stream continues to deliver double digit growth

North American Revenue 78% of total revenue, up from 55% in 2H19

North America represents over 30% of the global L,A&H market

79% of Revenue from SaaS clients having grown from 35%

Transition to SaaS Platform company affirmed

Subscription Fee Revenue now represents 49% of total Revenue

ARR edging towards being primary Revenue stream

Key relationships in place with strategic System Integrators

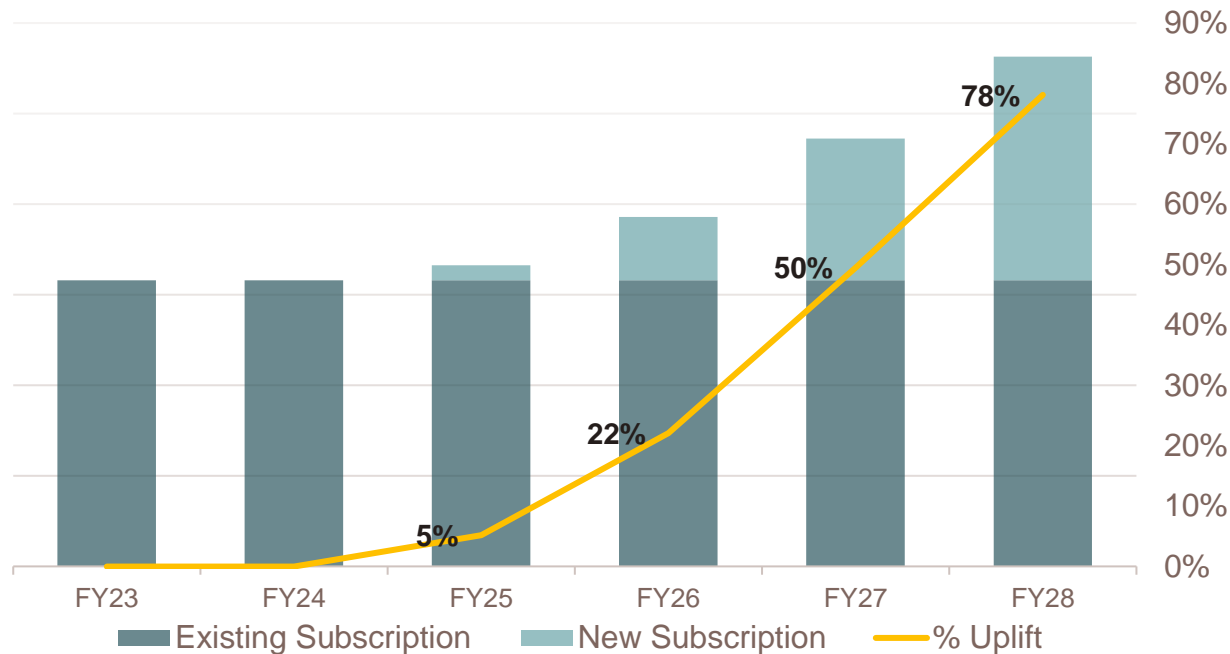
Influence decision makers and help us grow our Subscriptions



Top 10 Group Carrier enters New Strategic Relationship

A Major existing client is now investing in a strategic partnership with FINEOS to build Product features rather than Custom software

Roll-out increases repeatable Subscription Fee



- Client partners to supplement R&D funding of IDAM product to service top-end employer market
- Building out new capabilities spans 2H23 and all of FY24
- Incremental roll-out phases commence early FY25 for an expected 3 year program
- As roll-out progresses Subscription Fees increase to an expected 78% uplift on current fees

Employee Benefits Market Dynamics – FINEOS is ready

Absence Management

- Now a key core system for an Employee Benefits carrier, especially with the growing advent of Paid Family Leave (PFL)

Growth of Voluntary / Worksite products

- Strong premium average premium growth of 7% per year in recent years. Gives employees more options and flexibility.
- Carriers progressively offering products here but historically have needed additional software platforms to service

Policy & Billing

- FINEOS is market leader in Employee Benefits by No of clients, revenues, product achievements. New entrants are a long way from legacy elimination. No competitor has group, voluntary and absence end-to-end on a single platform.
- Growing appreciation of purpose built, end-to-end - NYL Case Study is key here

Self-Administration

- This is an attractive market which does not require different software products to service
- FINEOS currently in contract negotiation with 2 employers for Self Admin Absence

The Market Players

- Paid Leave States (Government)
- Employee Benefits Carriers
- Self Admin Employers

Core Systems Competitive Landscape

Aite Novarica | Number of Live Clients in US/Canada and Type of Insurer (Group/Individual/Both)

Information valid as at February 2023 and sourced and can be made available from Aite Novarica

	Mostly Group	Mostly Individual	Both
1-10 Clients		¹ 	
10-20 Clients		²	
Over 20 Clients	 	 	

*Oracle is based on Aite-Novarica estimate. Oracle declined to disclose the number of clients in US/Canada.
 **DXC has two solutions (1. DXC Assure Policy, 2. DXC Wealth Management Accelerator).

FINEOS Advantage

60+ Clients

Analyst Recognition

No Churn – live clients

Dominant Top 10 Carrier coverage

Client re-investment

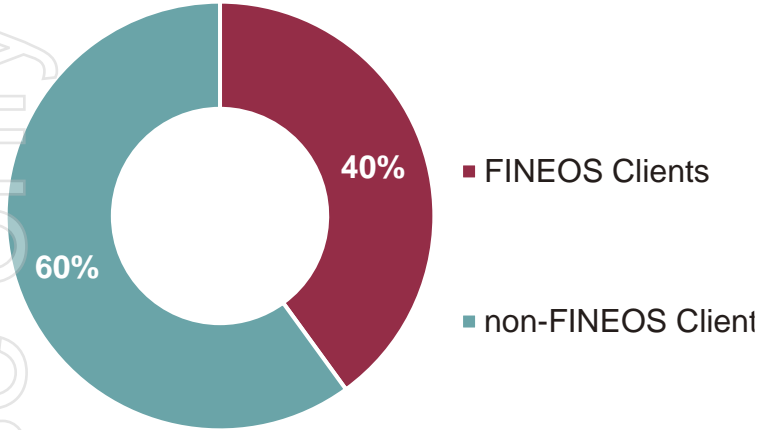
No Bad Debts

Growing ARR

Singular Market Focus

Total Addressable Market – North America (TAM)

Employee Benefits – North America

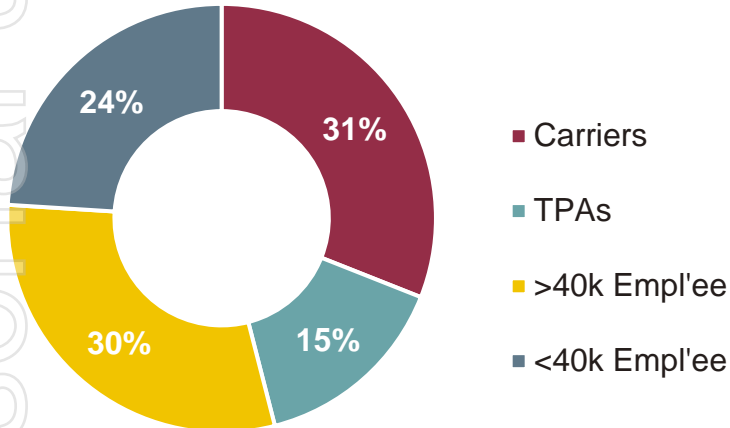


Employee Benefits

- Large North American Employee Benefit market of US\$200 Billion in Annual Premiums
- Existing FINEOS clients command 40% of this market – largely not yet converted by FINEOS
- Huge opportunity to cross and up sell to existing client base.
- Opportunity also remains to gain new clients

us\$2b
ARR

Direct to Employer



Sell Absence to Self-Admin Employers







- New adjacent market FINEOS is now targeted consistent with R&D strategy with level of acceleration
- Large Self-Admin Employer market segment with 200+ employers with 40k+ employees

us\$200m
ARR



Top 10 Carriers – Growing Strategic Relationships

ersonal use only

	NB & Uwrite	Policy & Billing	Claims & Absence	
				<p>\$4bn managed on one platform</p> <p>9 million customers</p> <p>6 replaced legacy systems</p>
				<p>Unum Total Leave™</p> <p>Unum HR Connect</p>
Tier 1 Logo				Top end (very large employers) IDAM market



Thank you

Q&A