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29 July 2020

Quarterly Activity Report and Business Update

FINEOS Corporation Holdings PLC (ASX:FCL), the leading provider of core systems for life, accident and health insurance carriers globally, presents its quarterly activity report and Appendix 4C cash flow statement for the three month period ending 30 June 2020 (4Q20), as attached.

Highlights:

- **Cashflow positive quarter with a closing cash balance at 30 June 2020 of €39.8m, up from €37.0m at 31 March 2020**
- **Cash receipts of €25.5m in 4Q20, an increase of 5.8%, up from €24.1m in prior quarter**
- **Headcount of 875 at 30 June 2020, a 5% increase on the total of 831 at 31 March 2020. Growth was across Product Consulting, R&D and Cloud Operations teams**
- **High Product Consulting employee utilisation rate maintained with an annual average of 91% at end of 4Q20, reflecting the continued strong demand for services work**
- **Two new name clients signed during 4Q20 for FINEOS Claims, bringing total new name contracts won to nine for the financial year**
- **Largest North American client for FINEOS Claims completed successful upgrade to the FINEOS Platform in the cloud during the quarter**
- **New senior sales executive appointed in the U.S.**
- **Vast majority of the company continues to work remotely as a result of COVID-19, with New Zealand employees returning to the office in July**
- **FY20 results to be announced on 26 August 2020**

Fourth Quarter Performance

The company recorded another strong quarter, after turning cash flow positive in the previous quarter, to close out the financial year with a cash balance of €39.8 million. Customer cash receipts (net of tax) totaled €25.5 million for the quarter, slightly up on the previous quarter of €24.1 million, reflecting the timing of annual subscriptions collections and strong services revenue which is billed on a monthly basis.

Favorable exchange rates during the quarter had a positive impact of €0.5 million on the cash balance.

Research and development costs capitalised for the quarter was €5.5 million, bringing the total for the year to €16.8 million. The related R&D tax credit was received during the quarter and was in line with expectations, positively impacting cash by €1.7 million. Product manufacturing and operating costs of €10.1 million increased on prior quarter of €6.8 million due to higher headcount, including additional contractor payments, in response to the increased demand and size of Product Consulting teams.

Since the beginning of FY20, a total of nine new name contracts have been signed, with 2 signed during the fourth quarter. In the U.S., F&G signed a 5-year term contract to use FINEOS Claims for their life and annuity claims processes. In the Asia Pacific region, we welcomed AIA Australia Ltd. as another new client of FINEOS. AIA will use FINEOS Claims for their newly acquired life claims processes, having signed a 3-year term contract.

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Existing client migrations to the cloud continued during 4Q20, with our largest North American FINEOS Claims customer successfully completing their upgrade to the FINEOS Platform in the cloud.

Headcount growth and onboarding continued during the quarter despite the global Covid-19 pandemic with additions to the Product Consulting, R&D and Cloud Operations teams. Our sales team in North America was also strengthened by the appointment of a new senior sales executive who will be responsible for developing new business clients in the region for FINEOS Claims, FINEOS Absence and FINEOS AdminSuite. The FINEOS HR team had additional success during the quarter in winning the award for 'Champion Employer Branding Programme' at the Irish HR Champion Awards 2020.

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 expense for the quarter was €194,914k. Item 2 is cash paid for Directors and Non-Executive Directors during the third quarter that amounted to €329,529 which includes salaries, consultancy fee, travel and reimbursement for costs incurred.

There were no other substantive business activities during the quarter.

Commenting on the performance for the quarter, CEO Michael Kelly said: “The fourth quarter yielded another very strong result for the company, despite the global pandemic. Cash collections for the quarter was the largest for the year. We continued to grow our client base and revenues and we look forward to delivering the full set of FY20 results to the market on 26 August.”

Under Listing Rule 1.1 Condition 3, the Use of Funds update from the IPO is as follows:

Use of Funds as per prospectus:	**Estimated expenditure €m**	**Actual expenditure €m**	**Comment**
Repayment of EIB loan	16.6	16.6	Completed
Payment of the costs of the Offer	10.7	5.8	Ahead due to cost savings
Fund investment and working capital	35.5	5.9	On track. Note this figure does not reflect the total company spend on investment (e.g. R&D) and working capital.

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

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Name of entity

FINEOS Corporation Holding Plc

ABN	**Quarter ended ("current quarter")**
633 278 430	30 June 200

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	25,473	82,362
1.2	Payments for		
	(a) research and development		
	(b) product manufacturing and operating costs	(10,168)	(29,107)
	(c) advertising and marketing	(253)	(909)
	(d) leased assets	(422)	(1,544)
	(e) staff costs	(5,608)	(29,574)
	(f) administration and corporate costs	(1,704)	(10,611)
1.3	Dividends received (see note 3)		
1.4	Interest received	16	50
1.5	Interest and other costs of finance paid	(118)	(2,361)
1.6	Income taxes paid	(88)	(521)
1.7	Government grants and tax incentives	1,730	1,729
1.8	Other (provide details if material)	(979)	(871)
1.9	**Net cash from / (used in) operating activities**	**7,879**	**8,642**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	(320)	(1,290)
	(d) investments		
	(e) intellectual property	(5,455)	(16,788)
	(f) other non-current assets		

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Consolidated statement of cash flows		Current quarter €'000	Year to date (12 months) €'000
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**	**(5,775)**	**(18,078)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		61,220
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	125	1,392
3.4	Transaction costs related to issues of equity securities or convertible debt securities		(5,784)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		(15,000)
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**	**125**	**41,828**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	37,040	6,903
4.2	Net cash from / (used in) operating activities (item 1.9 above)	7,879	8,642
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5,775)	(18,078)

Consolidated statement of cash flows		Current quarter €'000	Year to date (12 months) €'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	125	41,828
4.5	Effect of movement in exchange rates on cash held	561	535
4.6	**Cash and cash equivalents at end of period**	**39,830**	**39,830**

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	39,830	37,040
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)**	**39,830**	**37,040**

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	195
6.2	Aggregate amount of payments to related parties and their associates included in item 2	330

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.

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**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 3.2% per annum.

8.	**Estimated cash available for future operating activities**	**€'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	7,879
8.2	Cash and cash equivalents at quarter end (item 4.6)	39,830
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)	41,830
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	N/A

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.

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

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.

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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 July 2020.....

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 – e.g. 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.

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