



# 1H21 Results Investor Presentation

Michael Kelly CEO & Tom Wall CFO

24<sup>th</sup> February 2021



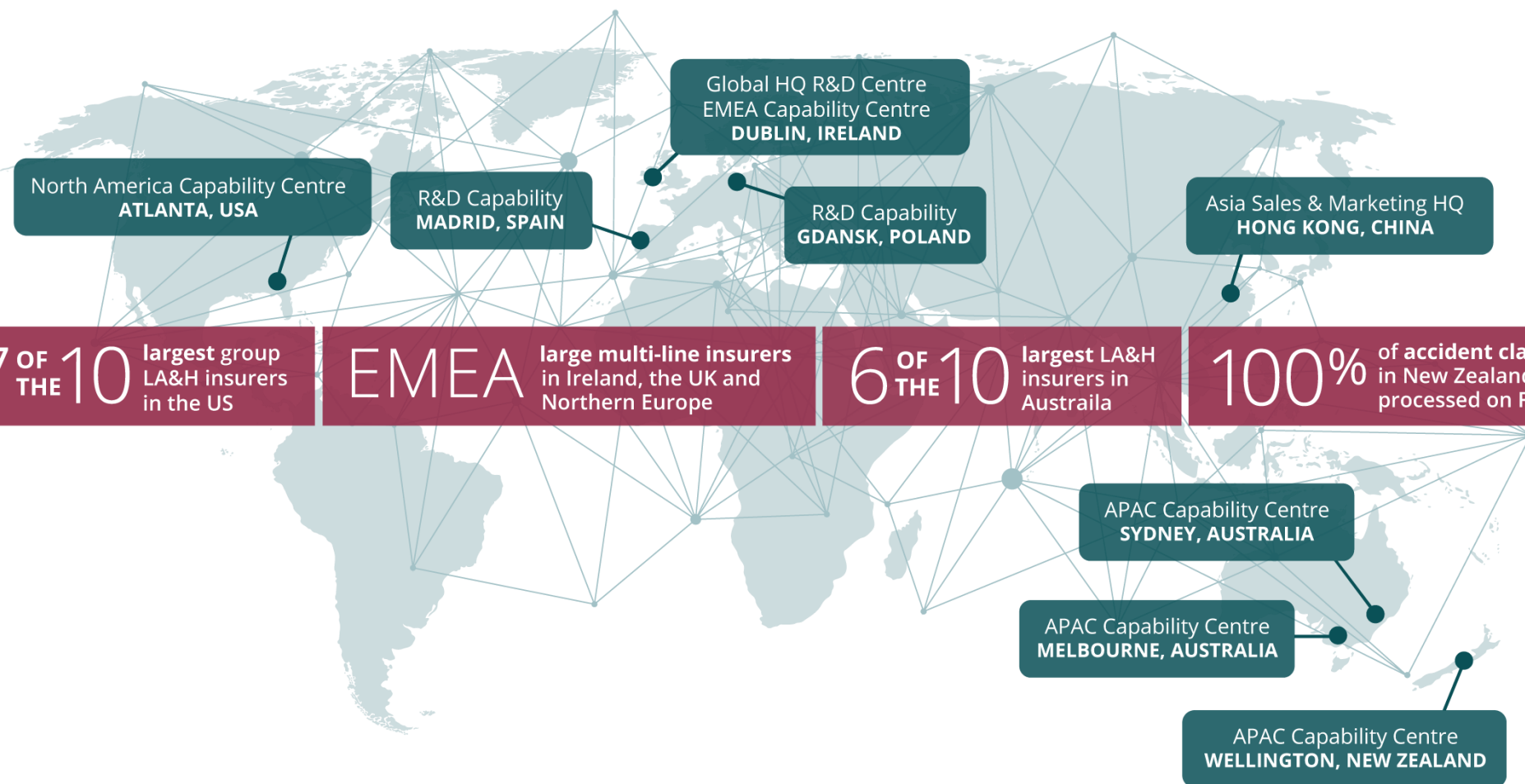
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# FINEOS Market Leadership and Presence



# 1H21 Operating Highlights

**Limelight**Health

Leading New Business Insurtech  
Acquired August 2020

Multiple client go live  
implementations  
and platform upgrades  
drive higher  
Annual Recurring Revenue

ARR 31 Dec 20: €38.3 million

**1,043**  
Total Headcount  
at 31 Dec 2020

Increase of 40.8% on 1H20,  
includes Limelight Health

**FINEOS New Business  
& Underwriting  
solution launched**

FINEOS AdminSuite now covering  
Quote to Claim solutions

**>90% employee  
retention  
rate**

Global workforce continues to  
work remotely due to pandemic

North America  
revenue increases to  
71% of total revenue  
up from 55% in 1H20

North America focused  
growth strategy working





# 1H21 Financial Highlights

**Revenue of €52.6m**  
**20.1% organic**  
**growth on 1H20**

**Subscription<sup>1</sup> revenue**  
**35.1% organic**  
**growth on 1H20**

**Services Revenue**  
**15.9% organic**  
**growth on 1H20**

**30.1% including contribution**  
**from Limelight Health**

**51.5% growth including**  
**contribution from Limelight Health**

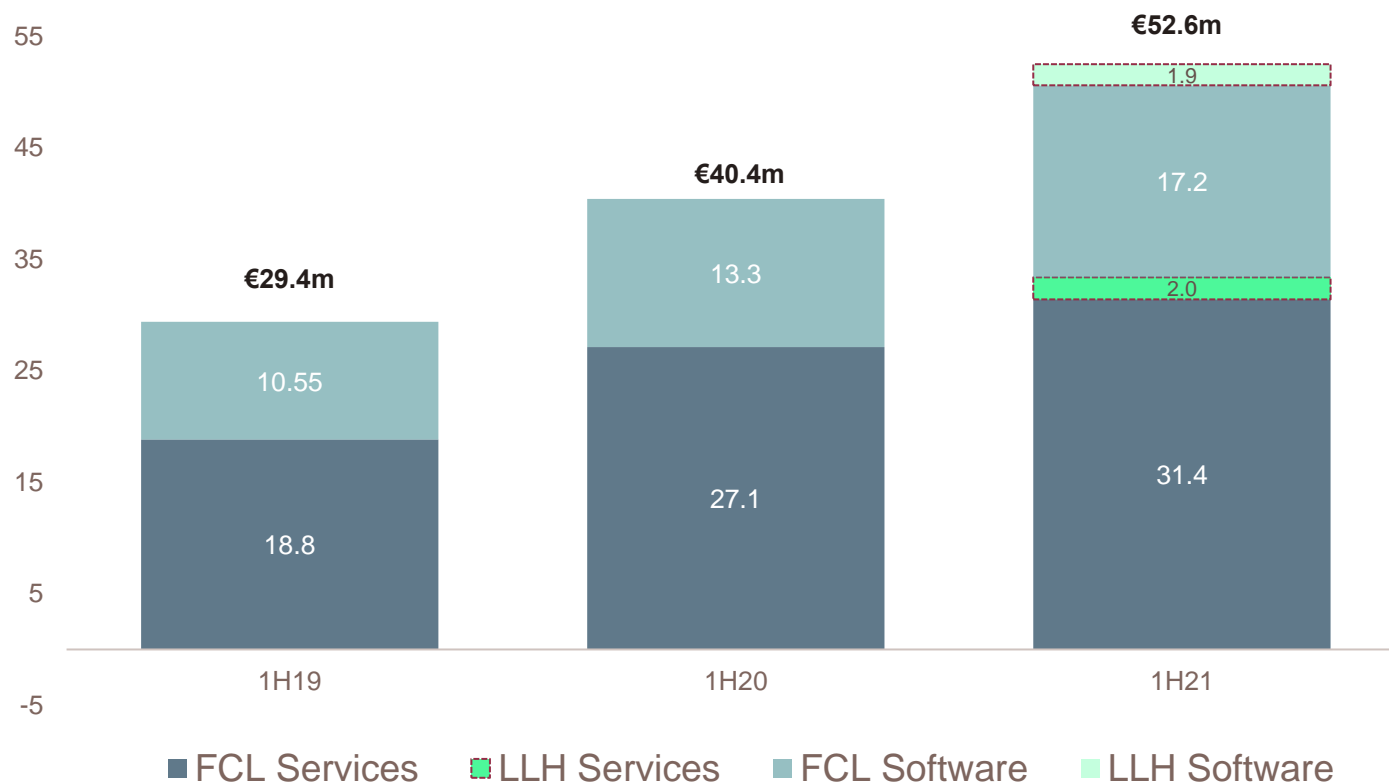
**23.3% growth including**  
**contribution from Limelight Health**

**Pro-forma EBITDA of €5.1m (vs €8.9m in 1H20)**



# 1H21 Revenue Highlights

Total revenue growth of 30.1% on 1H20, despite negative fx impact of (€1.5m) from exposure to the USD. Growth driven by new client wins during 2H20 and revenue contribution of €3.9m from Limelight Health that was acquired during 1H21.



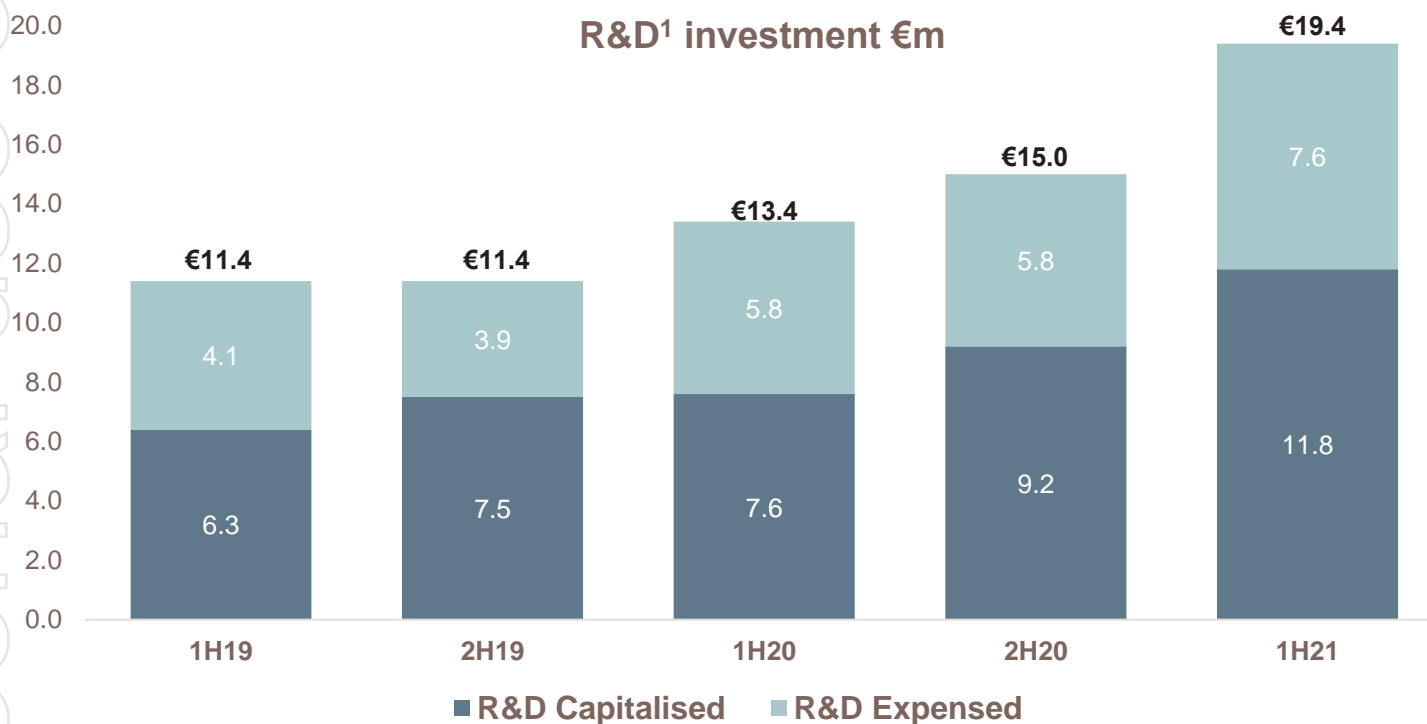
**ARR<sup>1</sup>: €38.3 million**

Excluding contribution from Limelight health;

- Total FINEOS revenue grew by 20.1% vs 1H20
- FINEOS Subscription revenue<sup>2</sup> grew by 35.1% vs 1H20 due to new client wins and existing client upgrades
- FINEOS Services revenue grew by 15.9% vs 1H20. Slow down in growth rate reflecting one large successful implementation project completion and the impact of fx fluctuations.

# R&D Investment

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

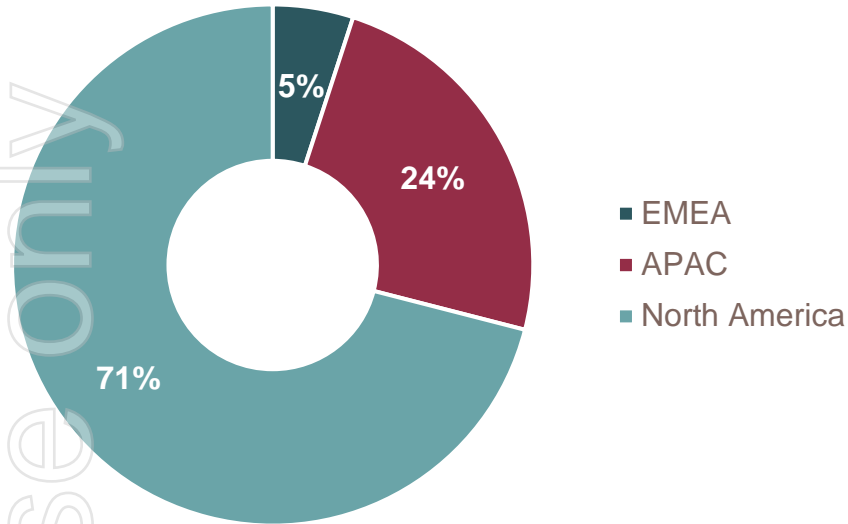


**Investment being made in R&D to continue to drive revenue growth**

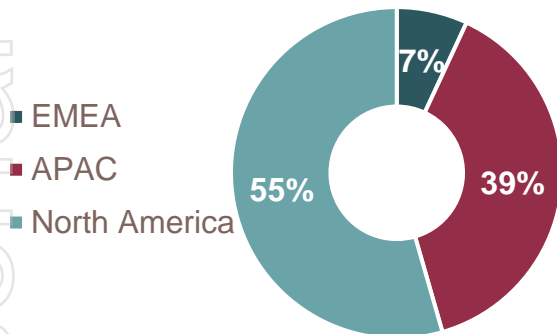
- €19.4m invested in R&D in 1H21 with €2.9m relating to Limelight Health
- 36.9% of revenue invested in R&D in 1H21, versus 33.2% in 1H20
- 27.6% growth in the R&D team size in 1H21 with the hiring of additional product engineers and product teams to accelerate product to market
- Over €130m invested into the FINEOS Platform since FY15

# Geographic mix of revenue

## 1H21 revenue by region



## 1H20 revenue by region



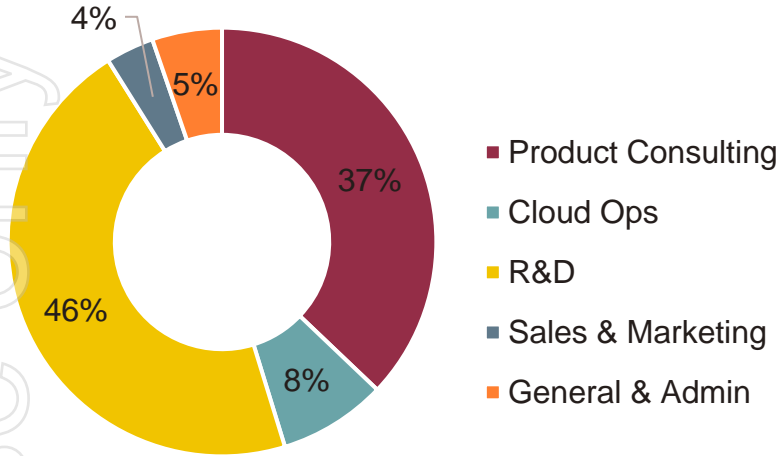
- North America focused strategy working with revenue from the region growing to 71% of total revenue in 1H21 versus 55% in prior corresponding period
- Strong growth in NA region driven by new client wins in 2H20, existing client upgrades and the acquisition of US based Limelight Health business in August 2020
- In line with FINEOS strategy to build market share in one of the largest and fastest growing marketplaces for L,A&H insurance carriers in the world



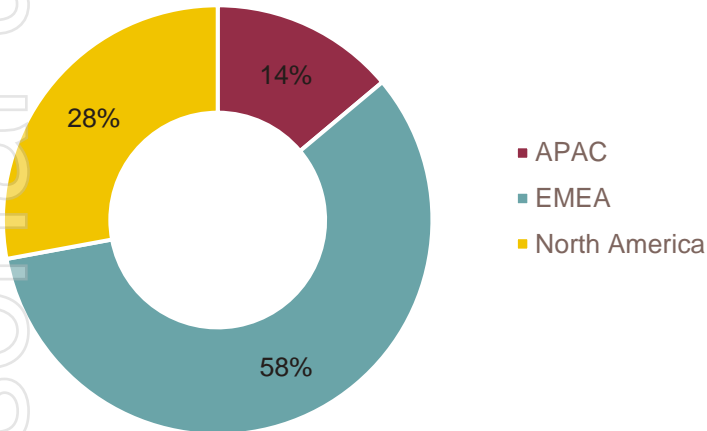


# Our People

Employees by function



Employees by region



- The Covid-19 pandemic has meant that FINEOS' global workforce has transitioned and continues to work remotely
- Average utilisation for the period was 86%, down on prior corresponding period of 91% which reflected an above average rate. Current average is in line with management expectations
- Sufficient workforce currently in place to support the business for FY21

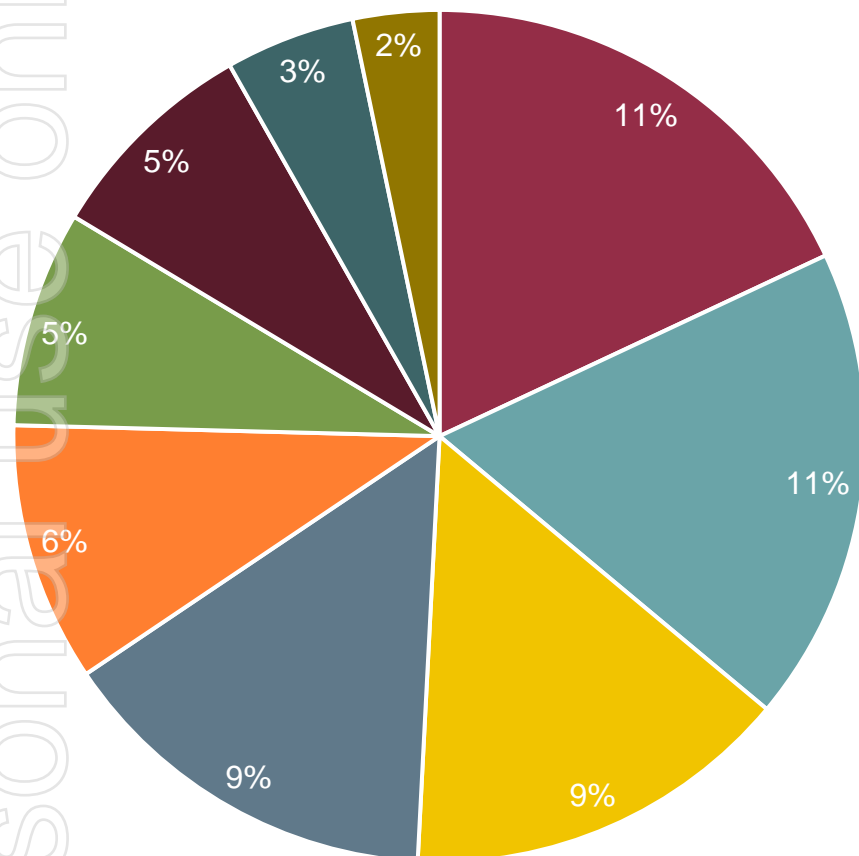
**86%**  
Utilisation<sup>1</sup>

**>90%**  
employee  
retention rate

**1,043**  
People



Client concentration  
Top 10 by 1H21 revenue



# Our Clients

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

Client	No. of years	Length of relationship	% of 1H20 revenue	% of 1H21 revenue
Client 1		10 years	15%	11%
Client 2		2 year	14%	11%
Client 3		2 year	5%	9%
Client 4 *		17 years	22%	9%
Client 5		18 years	1%	6%
Client 6		New in 2020	n/a	5%
Client 7		6 years	8%	5%
Client 8		17 years	1%	3%
Client 9		New in 2020	n/a	2%
Client 10		14 years	4%	2%

\* Client 4 decline reflecting services revenue decrease only upon successful completion of large services project. No decline in subscription revenue.



# 2020 Year in Review

Clients active in:

- ✓ brand-new installations
- ✓ version upgrades
- ✓ platform migrations

...in order to modernise their core systems in support of their digital transformation

Investment in product R&D continued

Acquired Limelight Health

On track to fulfill the FINEOS mission of being a global market leader in core systems for group and individual life, accident and health on a single technology platform.

10 major  
carrier go lives

8 new  
installations

7 platform  
upgrades

# Limelight Health Integration

- Acquired in August 2020, integration process is progressing well with a number of streams complete
- Limelight Health brand and product suite converted to FINEOS in December 2020
- Revenue contribution lower than initially expected as one client no longer proceeding with implementation
- Pipeline benefitting from cross sell and upsell opportunities identified across the combined client base
- Cost savings identified across small number of roles and across some operating expenses relating to external service providers
- Investment being made to progress the integration of the product to FINEOS AdminSuite





# Core Software Suite for Life, Accident and Health

## FINEOS AdminSuite



Integration and rebranding of  
acquired Limelight Health Suite



### Absence

- Integrated claims
- Paid & unpaid leaves
- Accurate decisions



### Billing

- Customer-centric design
- Automated cash application
- Integrated aged-debt workflows



### Claims

- Straight-through processing
- Accuracy & compliance
- Increased efficiency



### Payments

- Cross-claim payments
- Automated capture & review
- Align contracts & payment



### Policy

- Fast, flexible case set-up
- All tiers & admin modes
- Pre-configured products



### Provider

- Outcome-based engagement
- Providers & claim integration
- Lower TCO



### Quote

- Faster L&H quoting
- Extend quoting to distribution
- Comprehensive workflows



### Rate

- Automate complex rating
- Award-winning, patented technology
- Gain flexibility & agility



### Underwrite

- Integrated und. tools
- Comprehensive quote management
- Efficient collaboration

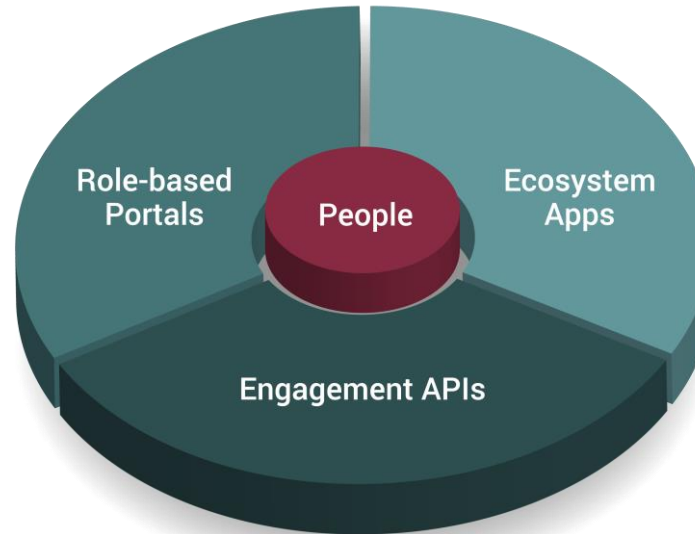


# The FINEOS Platform

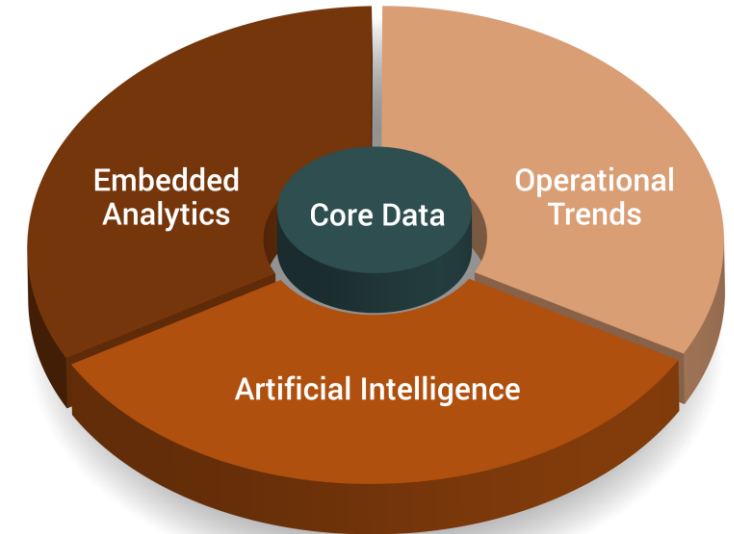
FINEOS AdminSuite



FINEOS Engage



FINEOS Insight



## PLATFORM CAPABILITIES

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

- End-to-end integrated components
- Comprehensive API support
- Smart automation

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





# Growth Strategy

Expand within existing clients, win new clients and enter new geographic markets



## Grow and upsell with clients

- FINEOS has a multinational client base through its leading FINEOS Claims product
- Significant opportunities with the Company's existing FINEOS Claims client base for up-selling and cross-selling additional FINEOS Platform products, in particular Absence management
- FINEOS will seek to grow its cloud-based software revenues which have higher margins than services revenue
- Continue to migrate existing clients to the cloud



## Win new clients

- Seeing high demand for IDAM (Integrated Disability and Absence Management) support from U.S. based existing and new clients
- Insurers are having to modernise their systems due to:
  - Higher regulatory complexity
  - Higher competition
  - Demand for a better customer experience
  - Cost and risk of legacy systems



## Expand sales and enter new markets

- FINEOS intends to increase client acquisitions and product delivery capabilities in new geographies by expanding its sales and marketing teams, already aided by recent acquisition of Limelight Health
- FINEOS modules are compatible across jurisdictions
- There are a number of adjacent verticals (i.e. insurance lines classified within LA&H) that FINEOS is targeting, including medical, dental and vision
- M&A



## FINEOS the LA&H industry platform

- Make FINEOS the industry leading platform
- FINEOS is committed to product innovation, and expanding the capabilities of the existing FINEOS Platform
- Continually add new product and services capabilities
- Exploring the potential for extended artificial intelligence and analytics integration to enhance software offering (Engage and Insight)

# Financial Performance

# Proforma Income Statement

€ m	1H21	1H20	% Change
Software	19.1	13.3	43.9%
Services	33.4	27.1	23.3%
<b>Total Revenue</b>	<b>52.6</b>	<b>40.4</b>	30.1%
Cost of sales	(18.7)	(12.2)	53.0%
<b>Gross profit</b>	<b>33.8</b>	<b>28.2</b>	<b>20.1%</b>
Research & Development	(8.4)	(6.5)	29.9%
Sales & Marketing	(2.7)	(1.9)	41.2%
Delivery	(6.8)	(7.3)	-7.2%
Cloud Ops./Support	(4.3)	(0.8)	434.7%
General & Administration	(7.2)	(3.3)	116.2%
Other Income	0.7	0.6	9.7%
<b>Total operating expenses</b>	<b>(28.7)</b>	<b>(19.2)</b>	49.3%
<b>EBITDA</b>	<b>5.1</b>	<b>8.9</b>	-42.8%
Depreciation	(1.0)	(1.0)	3.6%
Amortisation	(6.5)	(4.6)	40.4%
<b>EBIT</b>	<b>(2.4)</b>	<b>3.3</b>	<b>-171.6%</b>
Net interest expense	(0.3)	(0.3)	-16.3%
<b>Profit/(loss) before tax</b>	<b>(2.7)</b>	<b>3.0</b>	<b>-188.3%</b>
Income tax expense	0.2	(0.6)	133.2%
<b>Net profit/(loss) after tax</b>	<b>(2.5)</b>	<b>2.4</b>	<b>-202.4%</b>

- 1H21 revenue grew 30.1% on 1H20, 20.1% reflecting organic growth, and 10% from acquisition
  - Software revenue grew 43.9% on 1H20 and included €1.9m relating to Limelight Health (LLH) and an Initial License Fee (ILF) of €1.2m.
  - Excluding LLH contribution and ILF, organic subscription revenue grew 35.1% on 1H20
  - ILF of €1.2m reflected a decrease of 16.8% vs 1H20 as transition continues from old ILF/ALF revenue model to the cloud-based SaaS model
  - Services revenue grew 23.3% on 1H20. €2.0m related to Limelight and remaining increase reflected demand from new and existing customers offset by a negative €1.5 million impact due to foreign exchange movements
- Cost of Sales increased by 53.0% on 1H20 and included costs from LLH of €1.4m. The remainder of the increase was driven primarily by an increase in contractors to meet project timelines in addition to increased Product Consulting headcount costs. Additionally, AWS usage costs increased in line with the higher subscription revenues.
- Due to a reclass in cost allocation between Cloud Ops and Delivery departments post 1H20, the reclassified comparable Cloud Ops costs in 1H20 were €1.8m and for Delivery costs were €6.3m reflecting:
  - Actual Delivery cost increase of 7.5% in 1H21 due to increase in headcount and offset by some savings in travel (€230K) and recruitment costs (€340K) versus 1H20
  - Actual Cloud Ops cost increase of 138.9% mostly due to headcount increase from 36 in 1H20 to 70 in 1H21
- Depreciation and amortisation costs increased due to increased fixed asset and capitalised R&D amortisation.



# Statutory to Proforma reconciliation

€ m	1H21	1H20
<b>Statutory revenue</b>	<b>52.6</b>	<b>40.4</b>
No adjustments to revenue	-	-
<b>Pro forma revenue</b>	<b>52.6</b>	<b>40.4</b>
<hr/>		
<b>Statutory profit/(loss) after tax</b>	<b>(5.1)</b>	<b>0.1</b>
Incremental public company costs		(0.1)
Net finance expense		0.2
IPO Cost		0.7
Existing Option Plan adjustments		1.5
Tax Impact of pro forma adjustment		
Acquisition cost	1.8	
Amortisation relating to Limelight Health Goodwill	0.7	
Accelerated SBP	0.2	
<b>Pro forma profit/(loss) after tax</b>	<b>(2.5)</b>	<b>2.4</b>



# Balance Sheet

€ m	31 Dec 20	30 Jun 20	% Change
Cash at Bank	30.7	39.8	-23%
Trade Debtors	8.9	17.6	-50%
R&D credit	2.6	2.3	13%
Prepayments	3.5	3.5	0%
Other Receivables	0.9	0.6	57%
<b>Total current assets</b>	<b>46.7</b>	<b>63.8</b>	<b>-27%</b>
Fixed Assets	1.6	1.6	1%
Right of Use Building	5.0	5.6	-10%
Right of Use Software	1.2	1.5	-19%
Research & Development	58.3	50.1	16%
Contract Costs (Commissions)	1.8	1.7	4%
Goodwill	56.4	0	100%
<b>Total non-current assets</b>	<b>124.4</b>	<b>60.6</b>	<b>105%</b>
<b>Total assets</b>	<b>171.0</b>	<b>124.4</b>	<b>37%</b>
Creditors	8.6	11.3	-24%
Interest Accrual	-	0.0	
Deferred Revenue	9.0	14.2	-37%
Other Current Liability	0.2	0.7	-77%
<b>Total current liabilities</b>	<b>17.7</b>	<b>24.4</b>	<b>-27%</b>
Long term loan	-	0.0	0%
Deferred R&D Tax Credit	6.9	7.2	-4%
Lease liabilities	6.7	7.8	-14%
<b>Total non-current liabilities</b>	<b>13.6</b>	<b>15.0</b>	<b>-9%</b>
<b>Total liabilities</b>	<b>31.4</b>	<b>41.2</b>	<b>-24%</b>
<b>Net assets</b>	<b>139.7</b>	<b>83.2</b>	<b>68%</b>

- Cash at Bank movement reflects acquisition cost (€2.7m) and R&D investment.
- Trade debtors decreased by 50% since 30 Jun 20 due to timing and seasonality of invoicing, also improved DSO and movement to EFT payments for US customers.
- Right of Use building decreased because of asset depreciation, no addition in this period and early surrender of additional Dublin office space lease
- Right of Use software decreased because of asset amortisation and no additions in this period.
- Goodwill (€34.5m) also includes Technology (€6.5m) and Customer Relationships (€15.4m) assets which arise from the Limelight acquisition and the PPA process.
- Creditors decreased by 24% since 30 Jun 20 due to timing of invoice payments and seasonality.
- Deferred revenue is lower at 31 Dec 20 v 30 June 20 reflecting the timing of renewals. Historically large renewals took place in January.

# Cashflow Statement

€ m	31 Dec 20	31 Dec 19	% Change
Net cash flows generated from operating activities	3.4	(3.4)	-199%
Net cash used in investing activities	(68.3)	(8.4)	710%
Net cash used in financing activities	56.2	38.6	46%
<b>Net decrease in cash and cash equivalents</b>	<b>-8.8</b>	<b>26.8</b>	<b>-133%</b>
Effect of movement in exchange rates	-0.3	1.0	-134%
Cash & cash equivalents at the beginning of the year	39.8	6.9	477%
<b>Cash &amp; cash equivalents at the end of the year</b>	<b>30.7</b>	<b>34.7</b>	<b>-12%</b>

- Cash inflow from operating activities primarily due to increase in revenue offset by operating expenses (incremental headcount).
- Investment activities represent acquisition cost of Limelight Health (€56.2m) and R&D capitalisation (€11.8m).
- Financing activities reflects the net amount of cash raised from the new issue of CDIs (€57.2m) less transaction costs (€1.0m).





# Outlook<sup>1</sup>

- **Total Revenue for FY21 including contribution from Limelight Health, expected to be in the range of €102-105m, after impacts from foreign exchange<sup>2</sup>**
- **Reaffirming FY21 guidance of 30% growth in subscription revenue, before contribution from Limelight Health which is expected to be approx. €4 million in subscription revenue for FY21**
- **Adequate headcount in place to deliver on FY21 commitments**
- **New deal signed in February 2021, new name client in ANZ representing first in region to feature on FINEOS Platform in the cloud**

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 and other risks outlined in the 1H21 interim financial report. 2. All guidance provided is calculated based on the assumption of a EUR:USD fx rate of 1:1.2136.

# Appendix 1 – Statutory Accounts

# Statutory Income Statement

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Delivery	(6.8)	(7.3)	-7.2%
Cloud Ops./Support	(4.3)	(0.8)	434.7%
General & Administration	(9.1)	(5.4)	67.7%
Other Income	0.7	0.6	9.7%
<b>Total operating expenses</b>	<b>(30.7)</b>	<b>(21.4)</b>	43.6%
<b>EBITDA</b>	<b>3.2</b>	<b>6.8</b>	-53.6%
Depreciation	(1.0)	(1.0)	3.6%
Amortisation	(7.2)	(4.6)	54.9%
<b>EBIT</b>	<b>(5.0)</b>	<b>1.2</b>	<b>-512.2%</b>
Net interest expense	(0.3)	(0.5)	-45.6%
<b>Profit/(loss) before tax</b>	<b>(5.3)</b>	<b>0.7</b>	<b>-837.0%</b>
Income tax expense	0.2	(0.6)	-133.6%
<b>Net profit/(loss) after tax</b>	<b>(5.1)</b>	<b>0.1</b>	NA

