FINEOS

Annual Report 2019

FINEOS Corporation Holdings plc
ARBN 633 278 430

Contents

Chairman and CEO's Report

Dear Securityholder,

We are pleased to present the annual report for the financial year ended 30 June 2019 (FY19). It was another good year for the Group both financially and operationally, with a busy second half as we prepared for the Initial Public Offering of FINEOS on the Australian Securities Exchange, which took place on 16 August 2019.

At FINEOS, our purpose is to help our clients care for the people they serve (their customers) through the delivery of superior insurance technology. Delivering excellent customer experience is crucially important in every business and within our Life, Accident & Health (L,A&H) insurance industry this theme continues to be a huge driver and many insurance carriers have older style core systems and struggle to deliver digital customer experience.

Having committed to a significant Research and Development (R&D) program to expand the FINEOS Platform to provide a more comprehensive core product suite for our clients, we invested more than €90 million in total R&D spend over the past five years. Today we have a modern industry platform for the L,A&H industry and our goal is to grow to become global market leader for group, voluntary and individual within the L,A&H insurance industry.

Pleasingly, FY19 was a pivotal year for FINEOS in terms of growth and beginning to reap the rewards of the investment previously committed. We were delighted to commit to and subsequently execute a highly successful IPO post year end and look forward to reporting back to you on our progress at the end of the year.

FY19 Results

Operationally, FY19 was a very positive year. Our charter client, a Tier 1 US insurance carrier, went live on FINEOS Policy and Billing, meaning all modules of the FINEOS AdminSuite are in production today. We opened a new base in Spain, to support our R&D capabilities; and in Hong Kong, to establish a sales presence in Asia.

In the fourth quarter of the financial year we closed three significant deals with Tier 1 US insurance carriers, bolstering our subscriptions revenue in the coming years as the full impact of these contracts are realised. These contract wins were in addition to a number of smaller new contract wins during the year, giving rise to strong revenue growth in both subscriptions and

"FY19 was a pivotal year for FINEOS in terms of growth and beginning to reap the rewards of the investment previously committed."

services revenue. At the year end we had a customer base of 50 clients, many of whom have been long-standing clients of FINEOS with relationships spanning as far back as 21 years. The spread of FY19 revenue by region was 45% in APAC, 45% in North America and 10% in EMEA. The two larger regions are where we have the strongest foothold and where the biggest opportunities and our focus continues. However, given the sheer size of the US insurance market, we expect to drive faster growth in this market over all other markets in the coming years.

As the business and revenue grew so did our workforce, by 11% in FY19 to 664, as we continued to meet the needs of our customers and R&D targets. We are also very proud of an employee retention rate of over 90%, reflecting the positive healthy culture that we strive to maintain in the business and workplace for employees.

The FY19 financial performance was also very positive, as we achieved 16.8% growth in total revenue to €62.8 million versus FY18 total revenue of €53.8 million. More importantly, we recorded a 30.8% increase in subscription revenue versus FY18, which is the primary focus for growth in the business. Our statutory earnings before interest, tax and depreciation of €8.1 million, as well as a loss before tax of €(1.7) million, were both slightly down on last year, due primarily to the investment committed to R&D to support the future growth and success of the business.

FINEOS' successes in FY19 are the result of exceptional team efforts by our Company's leadership and employees. Our FINEOS Playbook defines our vision, purpose, values and mission and this continues to serve as the compass we use to guide our strategy and behaviour, both as individuals and as a Company. Our growth strategy is defined by our Company mission and supported by principal objectives under five pillars of market, client, product, people and financial.

Future and Outlook

We are excited about the future and the opportunities that lie ahead for FINEOS as a publicly listed Company in FY20. The combination of our strong market leadership position across a number of geographies in the L,A&H insurance industry along with our people, superior technology, product innovation and client service gives us great optimism about the future.

Looking forward, we are on track to achieve FY20 forecast revenue of €74 million as laid out in the Prospectus, which was lodged on 26 July 2019, and the use of the funds from the IPO will leave us with a very strong debt free balance sheet.

We are grateful for your support, and value the trust and belief you have placed in us. We are committed to delivering strong value for you as securityholders as we embark on the journey of being a listed Company in FY20.

Your sincerely,

Anne O Driscoll
Chairman

Michael Kelly
Founder and CEO

Directors' Report
for the year ended 30 June 2019

The Directors present herewith their report and audited consolidated financial statements for the year ended 30 June 2019. These financial statements reflect the performance of FINEOS Corporation Holdings Plc and its subsidiaries ("the Group") for the year ended 30 June 2019.

1. Principal Activities and Review of the Development and Performance of the Business During the Financial Year

The principal activity of the Group is the development and sale of enterprise claims and policy management software for the Life, Accident and Health Insurance Industry. On 16 August 2019 the Company listed on the Australian Securities Exchange ("ASX") by means of issuing CHESS Depositary Interests.

FINEOS Corporation Holdings plc ("the Company") and subsidiaries (collectively "FINEOS", or "the Group") remains an innovator of enterprise claims and policy management software for the Life, Accident and Health Insurance Industry. The Group continues to develop and sell its solutions to enable greater flexibility, efficiency and profitability within business operations. FINEOS software solutions are typically integrated with existing back office administration systems and other systems in operation within insurance organisations.

FINEOS Corporation Holdings plc was incorporated on 12 December 2018. Prior to becoming the holding Company of the FINEOS Group of companies on 24 June 2019 it did not undertake any trading activities. The FINEOS Group contains FINEOS Corporation Limited (formally FINEOS Corporation U.C.) ("FINEOS U.C."), which is the main operating entity of the FINEOS Group and which, itself, holds various subsidiaries that together operate the business for the Group. FINEOS U.C. is the entity that has historically prepared consolidated financial statements for the FINEOS Group.

The Directors elected to account for the restructure as a capital re-organisation rather than a business combination as outlined in the basis of financial statements accounting policy. Therefore, although the Company was only incorporated on 12 December 2018 the results, assets and liabilities of the entire Group are accounted for as if these entities had been combined throughout the years ended 30 June 2019 and 30 June 2018. Commentary on performance and financial position have been made as if the current legal structure has been in place from 1 July 2017.

Business summary and key performance indicators

The key performance indicators of the financial results are as follows;

- An increase in revenue from €53.8 million for the year ended 30 June 2018 ("FY18") to €62.8 million for the year ended 30 June 2019 ("FY19") which is a 16.8 % improvement.
- An increase of 30.8% in subscription revenues over the FY18 results.
- Employee retention rates continued at over 90%.
- The loss before tax for the year ended 30 June 2019 is €1.7 million compared to a profit of €2.7 million for the year ended 30 June 2018.
- The revenue increase of €9 million reflects the growth in new business during a transition to a subscription-based licence and billing model.

FINEOS has continued its strategy of investment in research and development during FY19 in the FINEOS AdminSuite product suite, which includes the development and launch of Absence Management, Policy Administration and Billing to complement the existing FINEOS Claims solution. In addition, FINEOS also increased its investment in the FINEOS Cloud platform.

The financial statements are presented in Euro which is the functional currency of the Group. Euro-based currency volatility continued during fiscal year 2019 in relation to the US Dollar, Sterling, Australian Dollar, New Zealand Dollar and Canadian Dollar, resulting in a foreign exchange loss of €0.03 million for the Group in the year. Foreign exchange continues to be a risk for FINEOS given the export profile of the Group. This is closely managed with part of the risk being covered by the natural hedge of the non-euro denominated staff costs and other overheads being paid in local currency.

Continued close management and control of the fixed cost base continues to be a key focus for the business. This is important given the ongoing need for investment in sales, implementation and support services in the separate geographies in which the Group operates.

FINEOS continues to align its organisational structure to reflect the specific business needs in the respective regions. This is in line with the Group's strategy of focusing on actively resourcing and training staff in line with business demand in the respective locations.

FY19 reflects the continued focus on delivering value in the insurance market and specifically within the Life, Accident and Health Claims sector in the USA, Canada, Australia and New Zealand.

The cash reserves closed at €6.9 million at 30 June 2019 compared to €10.1 million at 30 June 2018.

The consolidated statement of comprehensive income for the year ended 30 June 2019 and the consolidated statement of financial position at that date are set out on pages 36 and 37. The consolidated loss on ordinary activities for the year, before tax, amounted to €1.7 million compared to a profit of €2.7 million in 2018. After deducting taxation of €0.1 million, a loss of €1.8 million has been debited to reserves.

Non-financial key performance indicators include employment and environmental matters. The Company and Group will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Group adheres to best practice employee welfare and complies in all material respects with health and safety requirements.

2. Principal Risks and Uncertainties Faced

In the opinion of the Directors, the main risks and uncertainties faced by the Group, along with the nature of their potential impact, are as follows:

- Global economic and political uncertainty and volatility continues in all market places where FINEOS trades. This could potentially lead to delays and uncertainty on the allocated budgets of existing and prospective customers it has directly contributed to extended procurement timelines, extended contract negotiation timelines, and adds additional focus on return on investment and specific payback timelines on these investments;
- FINEOS continues to face competition in its respective markets, and if FINEOS fails to compete successfully, market share will decline;
- FINEOS subsidiaries and branches operate in currencies other than the Euro, and continued volatility in foreign exchange rates relative to the Euro could adversely affect the Group reported earnings and cash flow;
- Competitors' products may replace existing FINEOS products and as a result, FINEOS may lose market share in the markets for these products;
- Major changes in technology could have an impact on FINEOS and its trading model unless it continues to invest in R&D and remains competitive and current;
- FINEOS sells product and services in the USA, Canada, Australia, New Zealand, the UK and Europe, which increases the complexity of local customer requirements, including addressing local compliance requirements in the respective countries;
- The loss of a key executive officer or other key employees, or the limited availability of qualified personnel, may disrupt operations or increase the cost structure;
- The loss of a significant customer could have a significant negative effect on revenues and profits.

The impact of the above is difficult or impossible to predict accurately and many of the risks and uncertainties faced are beyond the Group's control.

In the normal course of business, the Group is also exposed to price risk, credit risk, and liquidity risk, which are discussed in more detail in Note 25.

3. Group Companies

Particulars of the companies within the Group required to be disclosed under Section 314(1) of the Companies Act 2014 in respect of Group companies are detailed in Note 13 to the financial statements.

4. Research and Development

The group engages in research and development activity to develop new and innovative products to respond to the needs of its customers and the market place. The investment in research and development expenditure is planned to continually develop capabilities as part of the Group's full AdminSuite offering. The group also continued to invest in the FINEOS Cloud platform and service.

5. Political Donations

There were no political donations made during the year ended 30 June 2019.

6. Dividends

During the year the Company made no interim dividend payments to A, B and C Ordinary shareholders or Preference shareholders. The Directors do not propose the payment of a final dividend for the year.

7. Accounting Records

The Directors are responsible for ensuring that proper books and accounting records, as outlined in Sections 281 to 285 of the Companies Act 2014, are kept by the Company. To achieve this, the Directors have appointed a professionally qualified financial director who reports to the Board and ensures that the requirements of Sections 281 to 285 of the Companies Act 2014 are complied with. These books and accounting records are maintained at the Company's registered office at FINEOS House, East Point Business Park, Dublin 3.

8. Future Developments in the Business

The future developments in the business are addressed in the Chairman and CEO's report on pages 2 and 3.

9. Directors and Secretary

The present directors are as listed on page 81.

On incorporation, Michael Kelly was appointed as a Director and Tom Wall was appointed as Secretary of the Company.

On 25 June 2019, Peter Le Beau, Tom Wall and Gilles Biscay were appointed as Directors.

On 25 July 2019, Anne O'Driscoll and Martin Fahy were appointed as Directors.

On 16 August 2019, Vanessa Chidrawi was appointed as Joint Secretary to provide additional support, including for the Australian compliance obligations of the business.

10. Audit Committee

Subsequent to the year end, the Company established an Audit & Risk Management Committee to assist the Board in carrying out its accounting, auditing and financial reporting responsibilities, including those outlined in Section 167 of the Companies Act 2014. The Audit & Risk Management Committee comprises four non-executive Directors (all of whom are independent): Dr Martin Fahy (Chair), Anne O'Driscoll, Peter Le Beau and Gilles Biscay.

11. Directors' Compliance Statement

The requirements of Section 225 of the Companies Act 2014 did not apply to the Company or any of its subsidiaries for the year ended 30 June 2019.

12. Statement on Relevant Audit Information

In the case of all persons who are Directors at the time this report is approved in accordance with Section 332 of the Companies Act 2014:

(a) So far as the Directors are aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and

(b) The Directors have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information, and to establish that the Company's statutory auditors are aware of that information.

13. Transactions with Directors

There were no contracts of any significance in relation to the business of the Group in which the Directors had any interest, as defined by the Companies Act 2014, at any time during the year ended 30 June 2019.

14. Controlling Party

Michael Kelly is the ultimate controlling party of the FINEOS Group.

15. Directors' and Secretary's Interests in Shares

The Directors and Company Secretary who held office at the end of the year and their immediate families had the following interests in the shares of the Company at the beginning and end of the financial year:

		Number of shares held	
	Class of shares	**30 June 2019**	**12 December (date of incorporation) 2018**
Michael Kelly	Ordinary shares of €0.0127 each	–	100
	'A' Ordinary shares of €0.01 each	11,851,673	
	'C' Ordinary redeemable shares of €0.01 each	6,381,670	–

		Number of options held	
	Class of shares over which options held	**30 June 2019**	**12 December (date of incorporation) 2018**
Tom Wall	'A' ordinary shares of €0.0127 each	277,564	–

The Directors and Company Secretary who held office at the end of the year held the following interests in the previous ultimate parent undertaking, FINEOS International Limited, at the beginning and end of the financial year:

		Number of shares held	
	Class of shares	**30 June 2019**	**30 June 2018**
Michael Kelly	'A' ordinary shares of €0.0127 each	–	11,851,673
	'C' ordinary redeemable shares of €0.0127 each	–	6,381,670

		Number of options held	
	Class of shares over which options held	**30 June 2019**	**30 June 2018**
Tom Wall	'A' ordinary shares of €0.0127 each	–	277,564

16. Takeover Provisions

FINEOS is not subject to chapters 6, 6A, 6B and 6C of the Act dealing with the acquisition of its shares (including substantial holdings and takeovers).

FINEOS has incorporated into its Articles shareholder protection provisions that are similar to the provisions of the Corporations Act. These provisions seek to protect the interests of shareholders where a person seeks to acquire a substantial interest in, or control of, FINEOS. The Articles prohibit a person from acquiring a relevant interest in issued voting shares in FINEOS if any person's voting power will increase from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%. Exceptions to the prohibition apply (e.g. acquisitions with shareholder approval, 3% creep over 6 months and rights issues that satisfy prescribed conditions). Compulsory acquisitions are permitted by persons who hold 90% or more of securities or voting rights in a company.

17. RESTRICTIONS ON THE TRANSFER OF SECURITIES UNDER THE COMPANIES ACT

The Company is an Irish company formed under the laws of Ireland and therefore subject to the provisions of the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996 (S.I No 68 of 1996) ("1996 Regulations") and its Articles of Associations accordingly contains prohibitions on transfers to comply with the Act. The provision of uncertificated securities is regulated by the 1996 Regulations, which is administered by the Office of the Director of Corporate Enforcement and the Companies Registration Office. The Company must comply with the provisions of the 1996 Regulations. The Company may therefore refuse to register transfers, pursuant to a direction from the Irish High Court, where the transfer is prohibited under another enactment, where the Company has noticed the transfer is to a deceased person, or the instruction requires a transfer of units to an entity which is not a legal person, a minor, or to be held jointly in the names of more persons than permitted under the terms of issue of the security. Refer to Articles 36.2 and 36.3 of the Company's Articles of Association.

18. Events Subsequent to the Year End

On 16 August 2019 the Company completed an initial public offering in Australia, raising AUD $99,950,302. In preparation for this the Company's share capital was restructured. The Group repaid the bank loans per Note 20 and outstanding interest, in full, on 13 September 2019.

19. Auditors

Mazars Chartered Accountants & Statutory Audit Firm express their willingness to continue in office in accordance with Section 383(2) of the Companies Act 2014.

On behalf of the Board

Michael Kelly   Tom Wall

Michael Kelly
Director

Tom Wall
Director

23 September 2019

Corporate Governance Statement

The Directors and Management of FINEOS Corporation Holdings Public Limited Company (FINEOS or the Company) are committed to conducting the business of FINEOS and its controlled entities (the Group) in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (Third Edition) (Recommendations) to the extent appropriate to the size and nature of the Group's operations.

FINEOS Corporation Holdings Public Limited Company is an Irish Company registered under the Irish Companies Act 2014 (the Act) as a public limited company (639640). The Company was registered in Australia as a foreign company under the *Corporations Act 2001* (Cth) and it commenced trading on ASX on 16 August 2019. The main constituent document of the company is its constitution, while the corporate governance policies and procedures described below are those that have been in place since the Company's listing on ASX or as at the date of this statement, where indicated.

Consistent with the Company's commitment to transparency in its dealings with stakeholders, this Corporate Governance Statement (Statement) has been prepared by reference to each recommendation contained in the Recommendations.

In this Statement, all references to Securityholders are references to both Securityholders and CDI holders of the Company and references to the Company's website are to www.FINEOS.com (Website).

The Board is committed to maximising performance, generating appropriate levels of securityholder value and financial return, and sustaining the growth and success of FINEOS. In conducting business with these objectives, the Board seeks to ensure that FINEOS is properly managed to protect and enhance securityholder interests, and that FINEOS and its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing FINEOS, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for FINEOS' business and which are designed to promote the responsible management and conduct of FINEOS.

The ASX Corporate Governance Council recently released the 4th edition of the Recommendations, which will not apply to FINEOS until 1 July 2020. However, to promote good corporate governance and a strong understanding of these principles, FINEOS has prepared its corporate governance policies having considered the 4th edition and intends to adjust its existing policies, if required, to be fully compliant with the 4th edition by 1 July 2020.

The Statement was approved by the FINEOS Board on 23 September 2019.

ASX Recommendation	Status	Reference/Comment
Principle 1 – Lay solid foundations for management and oversight *A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.*		
1.1 A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Complying	The Board monitors the operational and financial position and performance of FINEOS and oversees its business strategy, including considering and approving the Company's strategic objectives and an annual business plan, including a budget. The Board has adopted a written charter (Board Charter) to provide a framework for its effective operation, which sets out: • the roles and responsibilities of the Board, including: to provide overall strategic guidance for FINEOS and effective oversight of management, oversight of FINEOS' financial and capital management, management and review of FINEOS' compliance with its disclosure obligations and the Continuous Disclosure Policy, promotion of effective engagement with Securityholders, oversight of policies between FINEOS and other stakeholders, ethical and responsible decision making, along with compliance and risk management; • the roles and responsibilities of the Chairman and Company Secretary; • the delegations of authority by the Board to committees of the Board, the CEO and other management of FINEOS; • the membership of the Board, including in relation to the Board's composition and size and the process of selection and re-election of Directors, independence of Directors and conduct of individual Directors; • the Board process, including how the Board meets; and • the Board's performance evaluation processes, including in respect of its own performance, and the performance of the Board committees, individual Directors and senior management. The management function is conducted by, or under the supervision of, the CEO as directed by the Board (and by officers to whom the management function is properly delegated by the CEO). Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to access senior management and request additional information at any time they consider appropriate. The Board collectively, and each Director individually, may seek independent professional advice, subject to the approval of the Chairman, or the Board as a whole.

Corporate Governance Statement (continued)

ASX Recommendation	Status	Reference/Comment
1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to securityholders a candidate for election, as a director; and (b) provide securityholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Complying	The current members of the Board were appointed prior to the listing of the Company on ASX, with regard being had to their combined skill sets. These appointments were made following a formal process which included the identification of suitable candidates, interviews and background checks. The Prospectus prepared in relation to the Initial Public Offer of FINEOS securities (Prospectus) sets out the detail of the experience and other material information in relation to each Director. The Board has established a Remuneration & Nomination Committee (RNC) and its functions and powers are formalised in the RNC Charter, a copy of which is available on the Website. The RNC is tasked with identifying individuals who may be qualified to become new directors, having regard to such factors as it considers appropriate, including judgement, skill, diversity and business experience. The Company will provide information to Securityholders about Directors seeking re-election; or new Directors seeking election, at a general meeting to enable them to make an informed decision on whether or not to elect or re-elect the Director, including their relevant qualifications and experience and the skills they bring to the Board; details of any other listed directorships held by the Director in the preceding three years; the term of office already served by the Director; whether the Director is considered to be independent; and a recommendation by the Board in respect of the election or re-election of the Director.
1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment	Complying	All Executive Directors and senior executives have entered into written agreements with the Company. Each of the Non-Executive Directors has received an appointment letter from FINEOS, confirming their respective roles and responsibilities as directors of a public listed entity, and FINEOS' expectations of them as Non-Executive Directors.
1.4 The Company Secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Complying	The Company Secretary is responsible for the day-to-day operations of the Company Secretary's office, including the administration of Board and Committee meetings, overseeing FINEOS' relationship with its share registrar and lodgements with the ASX and other regulators. The Company Secretary is also responsible for communications with the ASX. The company's Board Charter provides that any Company Secretary will: (a) be appointed and removed by the Board; and (b) report to and be accountable to the Board on all matters to do with the proper functioning of the Board and Board Committees.

ASX Recommendation	Status	Reference/Comment
1.5 A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	Part-Complying	The Company has adopted a Diversity Policy, which may be viewed on the Website. The Diversity Policy provides a framework to achieve FINEOS' diversity goals and promote its commitment to creating a diverse work environment where all individuals are treated fairly and with respect and where all individuals feel responsible for the reputation and performance of FINEOS. The Board will oversee the implementation of the Policy and assess progress in achieving its objective. As at the date of this Statement, measurable objectives have not yet been formally established, as the Company only listed on ASX in August 2019. The Company intends to consider the establishment of appropriate objectives in 2020.

Corporate Governance Statement (continued)

ASX Recommendation	Status	Reference/Comment
1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Complying	The Board Charter provides that an annual evaluation will be conducted of the Board, each Board Committee and individual Directors, comparing their performance with the requirements of the charter, relevant Board Committee charters and the reasonable expectations of individual Directors. The Charter additionally provides for: • appointing a suitable Non-Executive Director to conduct an annual evaluation of the performance of the Chair, including the canvassing of views of the other Directors; • where appropriate, engaging external facilitators to conduct its performance evaluations, each year following the performance review; • the Chair establishing the goals and objectives of the Board for the upcoming year and effecting any amendments to the charter and any Board Committee charter considered necessary or desirable; and • with the assistance of the RNC, reviewing the Board's skills matrix to ensure all skills needed to address existing and emerging business and governance issues are covered. As the Company's current Board was constituted just prior to the Company's listing on ASX, a performance evaluation had not been undertaken as at 30 June 2019. It is the Board's intention to undertake a review in 2020.
1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Complying	The Board undertakes a periodic review of the performance of senior executives against appropriate measures. A performance evaluation of the Company's executives was not undertaken by the Board in respect of the year ending 30 June 2019 (Reporting Period).

3. Celent, IT Spending in Insurance – A Global Perspective (2017).

ASX Recommendation	Status	Reference/Comment
Principle 2 – Structure the Board to add value *A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.*		
2.1 The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, **and disclose:** (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Complying	The constitution of the Company provides that there must be a minimum of two and a maximum of 11 Directors on the Board. At the date of this Statement, the Board is comprised of six Directors, as follows: • Ms Anne O'Driscoll (Chair); • Mr Michael Kelly; • Mr Gilles Biscay; • Dr Martin Fahy; • Mr Peter Le Beau; and • Mr Tom Wall. Directors' details, including details of their other listed entity directorships and experience, can be found on the Website. The Board has established the following standing committees, which assist it in the execution of its responsibilities: • Audit & Risk Management Committee (ARMC); and • Remuneration & Nomination Committee (RNC). Each of these committees operate in accordance with specific charters approved by the Board, which can be found on the Website. The composition and effectiveness of the committees will be reviewed on a periodic basis. The RNC comprises four members: • Ms Anne O'Driscoll (Chair); • Dr Martin Fahy; • Mr Peter Le Beau; and • Mr Gilles Biscay. All members of the RNC are independent Non-Executive Directors. The nomination-related functions of the RNC include: • developing policy, procedures and processes for the selection and appointment of Directors; • identifying individuals who may be qualified to become Directors, having regard to such factors as the RNC considers appropriate, including judgement, skill, diversity and business experience, the interplay of the candidate's experience with the experience of other Board members, the extent to which the candidate would be a desirable addition to the Board and any Board Committee, and the Corporate Governance Principles and Recommendations (4th edition) of the ASX Corporate Governance Council (the Guidelines); and

Corporate Governance Statement (continued)

ASX Recommendation	Status	Reference/Comment
		• ensuring that an effective orientation program for new Directors is in place, and regularly reviewing its effectiveness. No meetings of the RNC took place during the Reporting Period. The Company will disclose in future annual reports the number of times the RNC meets throughout each financial year and the individual attendances of the RNC members at those meetings.
2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Complying	The Board aims to be comprised of Directors who have, at all times, the appropriate mix of skills, experience, expertise and diversity relevant to FINEOS' business and the Board's responsibilities. The Board does not currently have a board skills matrix, being relatively newly appointed. However, in accordance with the Board's Charter it will review its skills matrix to ensure all skills needed to address existing and emerging business and governance issues are covered. The Board considers that it has the necessary knowledge to identify the skills missing and required to complement the Board composition. The current Board is made up of members with a broad range of skills, expertise and experience and from a diverse range of backgrounds, which the members of the Board believe is appropriate to ensure that it can carry out its obligations in accordance with its Charter and the requirements of good governance.
2.3 A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	Complying	During the year ended 30 June 2019, there have been a total of six Directors on the Board. The Board of Directors as at 30 June 2019 and at the date of this Statement comprises: • Ms Anne O'Driscoll (Non-Executive Chair since 25 July 2019); • Mr Michael Kelly (Executive Director since 12 December 2018); • Mr Gilles Biscay (Non-Executive Director since 25 June 2019); • Dr Martin Fahy (Non-Executive Director since 25 July 2019); • Mr Peter Le Beau (Non-Executive Director since 25 June 2019); and • Mr Tom Wall (Executive Director since 25 June 2019). The Board has considered the circumstances of Mr Michael Kelly and Mr Tom Wall and has determined them to be Non-Independent Directors, due to their executive roles as Chief Executive Officer and Chief Financial Officer of FINEOS, respectively.

ASX Recommendation	Status	Reference/Comment
		The Board considers all Non-Executive Directors to be independent. Peter Le Beau has been on the Board of FINEOS Corporation Limited, the main operating entity of the Group, since 2010. The Board (absent of Peter) has specifically taken this into consideration when considering whether Peter should be considered to be independent. The Board does not consider Peter's involvement as a director of FINEOS Corporation Limited to be sufficiently dominant or influential in the circumstances so as to conclude that he is not independent. In determining whether a Director is "independent", the Board has adopted the definition of this word in the Recommendations. Consequently, a Director will be considered "independent" if that Director is free of any interest, position, association or relationship that might influence, or might reasonably be perceived to influence, in a material respect, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the entity and its Securityholders generally. The Board will consider the materiality of any given relationship on a case-by-case basis, with the Board Charter to assist in this regard. In reaching the conclusions set out above, the Board considered the guidelines of materiality for the purpose of determining Director independence set out in the Board Charter and Box 2.3 of the Recommendations. The Board will continually assess whether there are any factors or considerations which may mean that a Director's interest, position, association or relationship might influence, or might reasonably be perceived to influence, the capacity of the Director to bring an independent judgement to bear on issues before the Board and to act in the best interests of FINEOS and its Securityholders generally. Directors are required to advise the Board of any interest they have that has the potential to conflict with the interests of the Group, including any development that may impact their perceived or actual Independence. If the Board determines that a Director's status as an independent Director has changed, that determination will be disclosed and explained in a timely manner to the market. The length of service of each Director is set out above and in the Company's 2019 Annual Report.

Corporate Governance Statement (continued)

ASX Recommendation	Status	Reference/Comment
2.4 A majority of the board of a listed entity should be independent directors.	Complying	The Board currently comprises six Directors, four of whom are considered to be independent – being Ms Anne O'Driscoll, Mr Gilles Biscay, Dr Martin Fahy and Mr Peter Le Beau. On this basis, a majority of the Board are independent directors.
2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Complying	Ms Anne O'Driscoll, Chair of the Board, is an independent Non-Executive Director. The positions of Chair and CEO are held by separate persons (Ms Anne O'Driscoll and Mr Michael Kelly, respectively).
2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Complying	The RNC's Charter provides for it to be tasked with ensuring that an effective orientation programme for new Directors is in place, and with regularly reviewing its effectiveness.
Principle 3 – Act ethically and responsibly *A listed entity should act ethically and responsibly.*		
3.1 A listed entity should: **(a) have a code of conduct for its directors, senior executives and employees; and** **(b) disclose that code or a summary of it.**	Complying	The Board is committed to providing an ethical and legal framework within which company employees conduct FINEOS' business. Accordingly, the Board has adopted a Code of Conduct, a copy of which is available on the Website, which sets out the values, commitments, ethical standards and policies of FINEOS and outlines the standards of conduct expected of the business and FINEOS' employees, taking into account FINEOS' legal and other obligations to its stakeholders.

ASX Recommendation	Status	Reference/Comment
Principle 4 – Safeguard integrity in corporate reporting *A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.*		
4.1 The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, **and disclose:** (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Complying	The Board has established an ARMC comprising four members: • Dr Martin Fahy (Chairman); • Ms Anne O'Driscoll; • Mr Peter Le Beau; and • Mr Gilles Biscay. The audit-related role of the ARMC is to oversee the: • integrity of FINEOS' external financial reporting and financial statements; • appointment, remuneration, independence and competence of FINEOS' external auditors; and • the performance of the external audit function and review of its audit. All members of the ARMC are Independent Non-Executive Directors. The Chair of the ARMC is Dr Martin Fahy, who is not the Chair of the Board. The ARMC's functions and powers are formalised in a charter, a copy of which is available on the Website. The ARMC will meet as often as is required by its charter. The committee did not meet during the Reporting Period. The Company will disclose in its annual reports the number of times the ARMC meets throughout each financial year and the individual attendances of the committee members at those meetings.

ASX Recommendation	Status	Reference/Comment
4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Complying	The Directors are committed to the preparation of financial statements that present a balanced and clear assessment of the Group's financial position and prospects. The charter of the ARMC requires that the Committee ensure that before the Board approves the Company's financial statements for a financial period, the Board and the ARMC first receive from the CEO and the CFO a declaration that, in their opinion, the financial records of the Company and its controlled entities have been properly maintained and that the financial statements comply with the applicable accounting standards and give a true and fair view of the financial position and performance of the Company and its controlled entities and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. The Board has received these assurances prior to approving the 2019 financial statements and will seek these assurances prior to approving the financial statements for all half-year and full-year results.
4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from Securityholders relevant to the audit.	Complying	The charter of the Company's ARMC requires that the committee ensures that the terms of appointment of the external statutory auditors include a requirement to attend (including via telephone or videoconference) the annual general meeting (AGM) of the Securityholders of the Company and that they are available at the AGM to answer any questions from Securityholders relevant to the audit. The Company's external auditor will be required to attend the annual general meeting and be available to answer Securityholders' questions about the conduct of the audit and the preparation and content of the external auditor's report; accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

ASX Recommendation	Status	Reference/Comment
Principle 5 – Make timely and balanced disclosure *A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.*		
5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Complying	The Company has a documented Continuous Disclosure Policy which has established procedures to ensure compliance with ASX Listing Rule disclosure requirements and inform Directors and management of their obligations in relation to timely disclosure of material price-sensitive information. The Company Secretary, in conjunction with the Board, is responsible for managing FINEOS' compliance with its continuous disclosure obligations. A copy of the Continuous Disclosure Policy is available on the Website.
Principle 6 – Respect the rights of securityholders *A listed entity should respect the rights of its securityholders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.*		
6.1 A listed entity should provide information about itself and its governance to investors via its website.	Complying	The 'Investors' section of the Website is the primary medium providing information for all Securityholders and stakeholders and it has been designed to enable information to be accessed in a clear and readily-accessible manner. The Investors Centre on the Website contains information relevant to Securityholders and stakeholders, including: • all relevant announcements made to the market, including annual and half-yearly reports; • shareholder updates; • the Prospectus; • corporate governance policies and Board and committee charters; • share price information; • key dates; • company contacts; • information provided to analysts or media during briefings; and • the full text of notices of meeting and explanatory material. All corporate governance policies and charters adopted by the Board are available on the Website.

Corporate Governance Statement (continued)

ASX Recommendation	Status	Reference/Comment
6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complying	The Board is committed to providing Securityholders with sufficient information to assess the performance of FINEOS and to inform Securityholders of all major developments affecting the state of affairs of FINEOS relevant to Securityholders, in accordance with all applicable laws. To this end, the Company has adopted a Communications Policy, a copy of which is available on the Website. The Board seeks to communicate with the Company's Securityholders by lodging all relevant financial and other information with ASX and publishing information on the Website. The Website also contains information about FINEOS, including media releases, key policies and the terms of reference of its Board committees. All relevant announcements are also made to the market and any other relevant information will be posted on the Website as soon as it has been released to ASX. The Company's e-mail system allows staff and stakeholders to communicate simply and easily with ,anagement.
6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of securityholders.	Complying	Securityholders are encouraged to attend the Company's general meetings and notice of such meetings will be given in accordance with the Company's Constitution, the Act, and the ASX Listing Rules. The Company's annual general meeting in particular is an opportunity for Securityholders to receive updates from the CEO and Chair on Group performance, ask questions of the Board and vote on the various resolutions affecting the Company's business. Securityholders are also given an opportunity at annual general meetings to ask questions of the Company's auditors regarding the conduct of the audit and preparation and content of the auditor's report. The date, time and location of the Company's general meetings will be provided in the notices of meetings, and on the Website. Whilst Securityholders are encouraged to attend meetings in person, in the event that they are unable to do so, they are encouraged to participate in the meeting by appointing a proxy, attorney or representative to vote on their behalf. The Company's annual general meeting will be convened once a year. For general meetings of Securityholders, a detailed agenda, setting out resolutions to be considered, is included with the notice of meeting. The outcome of voting on resolutions at general meetings is released to the market via ASX after the conclusion of the meeting and posted on the Website. As the Company is incorporated in Ireland and subject to the requirements of the Act, its shareholder meetings are held in Dublin, Ireland. The Company will attempt to make provision for Securityholders in Australia to follow proceedings via a live transmission webcast.

ASX Recommendation	Status	Reference/Comment
6.4 A listed entity should give securityholders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complying	Investors are able to communicate with the Company electronically by e-mailing the Company Secretary or the Head of Investor Relations. Investors are also able to communicate with the Company's registry electronically by e-mailing the registry or via the registry's website. FINEOS encourages its Securityholders to receive company information electronically by registering their email addresses online with FINEOS' share registry, Boardroom Limited.
Principle 7 – Recognise and manage risk *A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.*		
7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, **and disclose:** (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Complying	The Board has established an ARMC comprising four members: • Dr Martin Fahy (Chairman); • Ms Anne O'Driscoll; • Mr Peter Le Beau; and • Mr Gilles Biscay. The risk-related role of the ARMC is to oversee: • the effectiveness of the FINEOS system of risk management and internal controls; and • the FINEOS systems and procedures for compliance with applicable legal regulatory requirements. The purpose of the ARMC's risk management process is to assist the Board in relation to risk management policies, procedures and systems and ensure that risks are identified, assessed and appropriately managed. All members of the ARMC are Independent Non-Executive Directors. The ARMC's functions and powers are formalised in a charter, a copy of which is available on the Website. The ARMC will meet as often as is required by its charter. The Company will disclose in its annual reports the number of times the ARMC meets throughout each financial year and the individual attendances of the committee members at those meetings. There were no meetings of the Committee during the Reporting Period. The relevant qualifications and experience of the ARMC members are disclosed in the Company's 2019 Annual Report.

ASX Recommendation	Status	Reference/Comment
7.2 The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Part-Complying	The identification and proper management of FINEOS' risks are a key priority of the Board. The Board has adopted a Risk Management Policy appropriate for the Company's business which highlights the risks relevant to FINEOS' operations and FINEOS' commitment to designing and implementing systems and methods appropriate to minimise and control its risks. The Board is responsible for overseeing and approving risk management strategy and policies, monitoring risk management, and establishing procedures which seek to provide assurance that major business risks are identified, consistently assessed and appropriately addressed. The Board will undertake an annual review of its risk management procedures to ensure that it complies with its legal obligations. The Board has in place a system whereby management is required to report as to its adherence to policies and guidelines approved by the Board for the management of risks. A risk review was not undertaken by the ARMC during the Reporting Period.
7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Complying	The Company does not, at this time, have an internal audit function. The ARMC has responsibility for overseeing the effectiveness of FINEOS' systems of risk management and internal controls and FINEOS' systems and procedures for compliance with applicable legal regulatory requirements. The ARMC charter also requires that committee meet with management and the Company's external auditors (including without management being present) to discuss issues and concerns warranting the Committee's attention, including their reviews of the effectiveness of internal controls.

ASX Recommendation	Status	Reference/Comment
7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Complying	The Company's Risk Management Policy requires the Board to conduct an annual review of the effectiveness of the Company's risk management system. The risks to which the Company is subject may change over time as the external environment changes and as the Company expands its operations. The Company's goal is to create the foundations for a long-term, sustainable business which is respected, supported and welcomed wherever it operates. Health, safety, the environment and community are important to FINEOS. Incidents or accidents may have a negative impact on customers, employees, operations and the reputation of the Company. This commentary details the Company's exposure to material economic, environmental and social sustainability risks and how it manages these risks. <u>Economic sustainability risks</u> Economic sustainability is the ability of an entity to continue operating at an effective economic level over the long term. A range of factors can influence the level of the Company's economic sustainability, including the following: • Financing risks; • Credit and fraud risk; • Regulatory and legal risks; • Financial and reporting risks; and • Operational risks. <u>Environmental sustainability risks</u> Environmental sustainability is the ability of an entity to continue operating in a manner that does not compromise the health of the ecosystems in which it operates over the long term. The Company has not identified any material risks in this regard. <u>Social sustainability risks</u> Social sustainability is the ability of an entity to continue operating in a manner that meets accepted social norms and needs over the long term. FINEOS operates in a number of overseas jurisdictions and is exposed to a range of different legal, regulatory and social regimes, including in new jurisdictions in which it is seeking to expand operations. The Company has not identified any material risks in this regard, but is aware that social sustainability risks may present themselves as it develops its business in emerging markets.

Corporate Governance Statement (continued)

ASX Recommendation	Status	Reference/Comment
Principle 8 – Remunerate fairly and responsibly *A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for securityholders.*		
8.1 The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Complying	The Board has established an RNC. Its functions and powers are formalised in an RNC Charter, a copy of which is available on the Website. The RNC comprises four members: • Ms Anne O'Driscoll (Chair); • Dr Martin Fahy; • Mr Peter Le Beau; and • Mr Gilles Biscay. The remuneration-related role of the RNC (or the Board, as the case may be) is to review remuneration packages and practices applicable to the CEO, senior executives and Directors themselves. This role also includes responsibility for equity reward schemes, incentive performance packages and retirement and termination entitlements. Remuneration levels are competitively set to attract the most qualified and experienced Directors and senior executives. The RNC (or the Board, as the case may be) may obtain independent advice on the appropriateness of remuneration packages. No meetings of the RNC took place during the Reporting Period. The Company will disclose in future annual reports the number of times the RNC meets throughout each financial year and the individual attendances of the committee members at those meetings.

ASX Recommendation	Status	Reference/Comment
8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Complying	Details of the Directors' and key senior executives' remuneration are set out in this 2019 Annual Report. The structure of Non-Executive Directors' remuneration is distinct from that of executives. The Annual Report may be viewed on the Website.
8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	Complying	FINEOS has established various incentive arrangements to assist in attracting, motivating and retaining management and employees, including general incentive payments under contracts of employment, and/or the grant of options or other awards under the Existing Option Plan and the New Equity Incentive Plan. The Company has adopted a Securities Trading Policy which prohibits Directors and restricted employees from using any derivatives or other products which operate to limit the economic risk of unvested Company securities without prior approval from the Board. The Company's Securities Trading Policy may be viewed on the Website.

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable law and regulations.

Irish company law requires the Directors to prepare Group and Company financial statements for each financial year. Under the law, the Directors have elected to prepare the Group and Company financial statements in accordance with the Companies Act 2014 and IFRS. Under company law, the Directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company as at the financial year end date and of the profit or loss of the Group for the financial year.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and reasons for any material departure from those standards; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Group and parent Company to be determined with reasonable accuracy, enable them to ensure that the parent Company and Group financial statements comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance of the financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Michael Kelly   Tom Wall

Michael Kelly
Director

Tom Wall
Director

23 September 2019

Independent Auditor's Report

MAZARS

Report on the audit of the financial statements

To the Members of FINEOS Corporation Holdings Plc

Opinion

We have audited the financial statements of FINEOS Corporation Holdings Plc ("the Company") and Subsidiaries ("the Group") for the year ended 30 June 2019, which comprise the Consolidated Statement Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows and the notes to the financial statements, including the summary of significant accounting policies set out in Note 2. The financial reporting framework that has been applied in their preparation is Irish Law and the International Financial Reporting Standards as adopted by the European Union ("IFRS").

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Group and parent Company as at 30 June 2019 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

MAZARS

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Revenue recognition **(€62.8 million for the year ended 30 June 2019)** • The significance of revenue to understanding the financial results for users of the financial statements. • The extent of deferred revenue held by the Group and the assessment of its systematic release in line with relevant revenue recognition principles. • The complexity involved in applying IFRS 15. • The complexity associated with the varied nature of bespoke contracts in forming new commercial arrangements.	We performed a number of procedures including the following: • Developed an understanding of and evaluated the operating effectiveness of relevant key revenue internal controls, including deferred revenue calculation and release controls. • Use of IT audit to perform data reconciliations. • Carried out detailed substantive testing. • On a sample basis, recalculated the deferred portion of customer agreements and compared this to the amount deferred on the balance sheet. • Assessed associated reconciliations including accounts receivable and deferred revenue for unusual reconciling items. • Assessed the value of credit notes raised over the year and for a select period post year-end. • Developed a risk-based approach to perform journal entry testing on a sample basis to determine the appropriateness of manual postings to revenue.
Capitalisation of development expenditure **(€13.9 million capitalised in the year ended 30 June 2019)** The Group capitalises costs incurred in the development of its software. These costs are then amortised over the estimated useful life of the software. The costs are mainly comprised of payroll. The Group's process for calculating the value of internally developed software involves judgement as it includes estimating time which staff spend developing software and determining the value attributable to that time.	Our work on capitalised development costs focused on the Group's process for estimating the time spent by staff on software development that can be capitalised under IAS 38: • Assessing the nature of a sample of projects against the requirements of IAS 38 to determine if they were capital in nature; • Assessing the procedures applied by the Group to review the rates applied to capitalise payroll costs; • Assessing the effectiveness of controls over the payroll process; • Assessing capitalised costs with reference to actual payroll information for a sample of employees; and • Assessing the adequacy of the disclosures related to capitalised development costs in the consolidated financial statements.

Independent Auditor's Report (continued)

MAZARS

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Impairment consideration relating to capitalised development expenditure (€42.2 million at 30 June 2019) Intangible assets make up €44.0 million of the Group's non-current assets. The most significant of these intangibles is capitalised software development costs of €42.2 million at 30 June 2019. IAS 36: Impairment of Assets required that finite life intangible assets be tested for impairment whenever there is an indication that the intangible assets may be impaired and this assessment requires judgement. The assessment as to whether there are any indicators of impairment requires judgement including consideration of both internal and external sources of information.	We assessed the factors that the Group considered regarding impairment of capitalised development costs and whether any indicators of impairment existed. This included having regard to: • Significant changes in the extent or manner in which the associated software is used; • Potential or actual redundancy or disposal of developed software; • Amortisation periods applied by the Group to develop software relative to its experience of software lifecycle; • Significant changes in the market in which the assets are used; and • Evaluating the Group's assessment that the useful lives of intangible assets are appropriate at year end.

Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the consolidated financial statements.

We define financial statements materiality as to the magnitude by which misstatements, including omissions, could influence the economic decisions taken on the basis of the consolidated financial statements by reasonable users.

We also determine a level of performance materiality, which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the consolidated financial statements as a whole.

We determine materiality for the consolidated financial statements as a whole to be €942,192. This was based on the key performance indicator, being 1.5% of the Group's Revenue. This benchmark is considered the most appropriate because Revenue is a key benchmark used by management and shareholders in assessing the performance of the business.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MAZARS

Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the Directors’ Report is consistent with the financial statements; and
- in our opinion, the Directors’ Report has been prepared in accordance with the Companies Act 2014.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors’ Report. The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of Directors’ remuneration and transactions required by Sections 305 to 312 of the Act are not made.

We have nothing to report in this regard.

Respective Responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the Directors’ responsibilities statement set out on page 28, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA’s website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description of auditors responsibilities for audit.pdf. This description forms part of our auditor’s report.

MAZARS

The Purpose of our Audit Work and to Whom we owe our Responsibilities

Our report is made solely to the Group’s and parent Company’s members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Group’s and parent Company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group’s members, as a body, for our audit work, for this report, or for the opinions we have formed.

Lorcan Colclough

Lorcan Colclough
for and on behalf of Mazars
Chartered Accountants & Statutory Audit Firm
Harcourt Centre,
Block 3,
Harcourt Road,
Dublin 2

23 September 2019

Financial Statements and Notes

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2019

	Note	2019 €	2018 €
Revenue	4	62,812,770	53,766,855
Cost of sales		(21,091,941)	(14,305,304)
Gross profit		41,720,829	39,461,551
Product development and delivery		(30,214,784)	(24,722,244)
Sales and marketing		(2,440,814)	(2,206,425)
General and administration		(9,371,589)	(9,392,898)
Initial public offering costs		(1,068,273)	–
Other income	6	1,053,172	594,119
Operating (loss)/profit		(321,459)	3,734,103
Finance income		6,467	8,103
Finance costs	7	(1,358,629)	(1,051,810)
(Loss)/profit on ordinary activities before taxation		(1,673,621)	2,690,396
Income tax	9	(96,036)	(1,323,534)
(Loss)/profit for the financial year		(1,769,657)	1,366,862
Other comprehensive income for the year:			
Foreign exchange differences on translation of operations of foreign subsidiaries and branches		(4,270)	(164,222)
Total comprehensive (loss)/profit for the year attributable to the equity holders of the parent		(1,773,927)	1,202,640

All results relate to continuing operations.

The notes on pages 44 to 79 are an integral part of these financial statements.

Consolidated Statement of Financial Position

as at 30 June 2019

	Note	30 June 2019 €	30 June 2018 €
ASSETS			
Non-current assets			
Intangible assets	11	44,027,266	35,872,977
Property, plant and equipment	12	7,295,724	3,721,579
		51,322,990	39,594,556
Current assets			
Trade and other receivables	14	16,037,285	17,879,832
Cash and cash equivalents	16	6,903,010	10,093,382
		22,940,295	27,973,214
Total Assets		74,263,285	67,567,770
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	15	23,646,628	19,180,651
Non-current liabilities			
Long-term liabilities	15	27,813,499	24,441,672
Provisions	9	193,870	359,593
Total liabilities		51,653,997	43,981,916
Capital and reserves			
Called up share capital presented as equity	17	224,402	224,402
Foreign exchange reserve	18	(213,069)	(208,799)
Other undenominated capital	18	1	1
Share option reserve	18	1,762,026	964,665
Reorganisation reserve	18	11,123,985	11,123,985
Retained earnings	18	9,711,943	11,481,600
Total equity		22,609,288	23,585,854
TOTAL EQUITY AND LIABILITIES		74,263,285	67,567,770

The notes on pages 44 to 79 are an integral part of these financial statements.

On behalf of the Board

Michael Kelly
Director

Tom Wall
Director

23 September 2019

Company Statement of Financial Position

as at 30 June 2019

	Note	30 June 2019 €
ASSETS		
Non-current assets		
Financial assets	13	22,834,215
Current assets		
Cash and cash equivalents	16	101
TOTAL ASSETS		22,834,316
EQUITY AND LIABILITIES		
Current liabilities	15	100
Total liabilities		100
Capital and reserves		
Called up share capital presented as equity	17	224,402
Other undenominated capital	18	1
Reorganisation reserve	18	22,609,813
Total equity		22,834,216
TOTAL EQUITY AND LIABILITIES		22,834,316

The notes on pages 44 to 79 are an integral part of these financial statements.

On behalf of the Board

Michael Kelly

Tom Wall

Michael Kelly
Director

Tom Wall
Director

23 September 2019

Consolidated Statement of Changes In Equity
for the year ended 30 June 2019

	Called up share capital presented as equity €	Foreign exchange reserves arising on translation €	Other undenominated capital €	Share option reserve €	Reorganisation reserve €	Retained earnings €	Total €
At 1 July 2017	224,402	(44,577)	1	727,900	11,123,985	10,114,738	22,146,449
Profit for the year	–	–	–	–	–	1,366,862	1,366,862
Other comprehensive income for the year	–	(164,222)	–	–	–	–	(164,222)
Total comprehensive income for the year	–	(164,222)	–	–	–	1,366,862	1,202,640
Share-based payment charge	–	–	–	236,765	–	–	236,765
At 30 June 2018	224,402	(208,799)	1	964,665	11,123,985	11,481,600	23,585,854

All amounts are attributable to the equity holders of the Group.

The notes on pages 44 to 79 are an integral part of these financial statements.

Consolidated Statement of Changes In Equity (continued)
for the year ended 30 June 2019

	Called up share capital presented as equity €	Foreign exchange reserves arising on translation €	Other undenominated capital €	Share option reserve €	Reorganisation reserve €	Retained earnings €	Total €
At 1 July 2018	224,402	(208,799)	1	964,665	11,123,985	11,481,600	23,585,854
Loss for the year	–	–	–	–	–	(1,769,657)	(1,769,657)
Other comprehensive income for the year	–	(4,270)	–	–	–	–	(4,270)
Total comprehensive income for the year	–	(4,270)	–	–	–	(1,769,657)	(1,773,927)
Share-based payment charge	–	–	–	797,361	–	–	797,361
At 30 June 2019	224,402	(213,069)	1	1,762,026	11,123,985	9,711,943	22,609,288

All amounts are attributable to the equity holders of the Group.

Company Statement of Changes In Equity

for the period from incorporation to 30 June 2019

The notes on pages 44 to 79 are an integral part of these financial statements.

	Called up share capital presented as equity €	**Other undenominated income €**	**Reorganisation reserve €**	**Total €**
At 12 December 2018 (date of incorporation)	–	–	–	–
Initial capitalisation of the Company	1	–	–	1
Result for the period	–	–	–	–
Other comprehensive income for the period	–	–	–	–
Total comprehensive income for the period	–	–	–	–
Issue of shares	224,402	–	–	224,402
Change in denomination of reserves	(1)	1	–	–
Reorganisation reserve on acquisition of subsidiary companies	–	–	22,609,813	22,609,813
At 30 June 2019	224,402	1	22,609,813	22,834,316

All amounts are attributable to the equity holders of the parent Company.

The notes on pages 44 to 79 are an integral part of these financial statements.

Consolidated Statement of Cash Flows
for the year ended 30 June 2019

	2019 €	2018 €
Cash flows from operating activities		
Group (loss)/profit after tax	(1,769,657)	1,366,862
Adjusted for:		
Income tax expense	96,036	1,323,534
Finance costs	1,358,629	1,051,690
Finance income	(6,467)	(8,103)
Other income	(1,053,172)	(594,119)
Depreciation	1,357,376	1,745,677
Amortisation	7,115,224	4,395,112
Lease expense	(1,610,017)	(1,609,317)
Movement in trade and other receivables	2,451,511	(5,040,941)
Movement in trade and other payables	3,560,517	5,343,152
Net tax paid	(726,129)	(489,764)
R&D refund received	1,763,353	2,688,262
Effect of movement in exchange rates	32,647	(149,094)
Share-based payment expense	797,361	236,765
Net cash flows generated from operating activities	13,367,212	10,259,716
Cash flows from investing activities		
Interest received	6,467	8,103
Grant income	62,388	–
Payment for property, plant and equipment	(861,575)	(361,785)
Payment for intangible assets	(15,269,513)	(13,276,388)
Net cash used in investing activities	(16,062,233)	(13,630,070)
Cash flows from financing activities		
Interest paid	(495,351)	(484,480)
Net cash used in financing activities	(495,351)	(484,480)
Net decrease in cash and cash equivalents	(3,190,372)	(3,854,834)
Cash and cash equivalents at the beginning of the year	10,093,382	13,948,216
Cash and cash equivalents at the end of the year	6,903,010	10,093,382

Company Statement of Cash Flows
for the period from incorporation to 30 June 2019

	Period from 12 December 2018 (date of incorporation) to 30 June 2019 €
Cash flows from operating activities	
Company profit after tax	–
Net cash flows generated from operating activities	–
Cash flows from investing activities	
Amounts advanced from Group companies	100
Net cash generated from investing activities	100
Cash flows from financing activities	
Issue of shares	1
Net cash generated from financing activities	1
Net increase in cash and cash equivalents	101
Cash and cash equivalents at the beginning of the period	–
Cash and cash equivalents at the end of the period	101

Notes to the Consolidated Financial Statements
30 June 2019

1. General Information

FINEOS Corporation Holdings Plc (the Company) is a public limited Company incorporated in the Republic of Ireland. The registered office is FINEOS House, Eastpoint Business Park, Dublin 3.

The principal activity of the Company and its subsidiaries (the Group) is the development and sale of enterprise claims and policy management software for the Life, Accident and Health insurance industry.

Foreign operations are included in accordance with the policies set out in Note 2.

2. Summary of Significant Accounting Policies

a) Basis of financial statements

FINEOS Corporation Holdings plc ("FINEOS") was incorporated on 12 December 2018. Prior to becoming the holding Company of the FINEOS Group of companies on 24 June 2019 it did not undertake any trading activities. The FINEOS Group contains FINEOS Corporation Limited (formally FINEOS Corporation U.C.) ("FINEOS U.C."), which is the main operating entity of the FINEOS Group and which, itself, holds various subsidiaries that together operate the business for the Group. FINEOS U.C. is the entity that has historically prepared consolidated financial statements for the FINEOS Group.

The directors elected to account for the restructure as a capital re-organisation rather than a business combination as in the directors' judgement, the continuation of the existing accounting values is consistent with the accounting that would have occurred if the assets and liabilities had already been in a structure suitable to operate as a listed entity and most appropriately reflects the substance of the internal restructure. As such, the consolidated financial statements of FINEOS Corporation Holdings plc have been presented as a continuation of the pre-existing accounting values of assets and liabilities in FINEOS Corporation Limited's financial statements, and those of its intermediate holding companies FINEOS Europe Limited and FINEOS International Limited. Therefore, although FINEOS was only incorporated on 12 December 2018 the results, assets and liabilities of the entire Group are accounted for as if these entities had been combined throughout the years ended 30 June 2019 and 30 June 2018. The reorganisation reserve represents the difference between the fair value of the shares issued to effect the reorganisation and the nominal value of the shares acquired. Commentary on performance and financial position has also been made as if the current legal structure has been in place from 1 July 2017.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board and as adopted by the EU, and the Companies Act 2014.

The financial statements have been prepared on the historical cost basis, except where described otherwise in the policies below.

In accordance with Section 304 of the Companies Act 2014 the Company is availing of the exemption from presenting its individual statement of comprehensive income to the Annual General Meeting and from filing it with the Registrar of Companies. The Company's profit for the period from 12 December 2018 (date of incorporation) to 30 June 2019 was €Nil.

The consolidated financial statements of the Group and the financial statements of the Company are presented in Euro ("€") which is also the functional currency of the Group and Company.

New standards and interpretation

There are no changes to IFRS which became effective for the Group during the financial year which resulted in material changes to the financial statements.

A number of new standards effective for annual reporting periods beginning from 1 January 2018 and 1 January 2019 were applied early in the preparation of the financial statements as outlined below.

Early adoption of new standards amendments and interpretations

The IASB and IFRIC have issued the following standards and interpretations which the Group applied early adoption of in the transition to IFRS.

- IFRS 15: Revenue from Contracts with Customers
- IFRS 9: Financial Instruments and consequential amendments to IFRS 7 resulting from IFRS 9 adoption
- IFRS 16: Leases

The standards set out below have been applied consistently by the Group to all periods presented in these financial statements.

New/Revised International Financial Reporting Standards Early adoption

IFRS 9 Financial Instruments

- 'Financial instruments' reflects the final phase of the IASB's work on the replacement of IAS 39 'Financial Instruments' Recognition and Measurement'.
- Introduces new requirements for classification and measurement of financial assets and liabilities, impairment, and the application of hedge accounting.

IFRS 15 Revenue from contracts with customers

- 'Revenue from contracts with customers' replaces IAS 18 'Revenue', IAS 11 'Construction Contracts' and related interpretations.
- IFRS 15 deals with revenue recognition with the introduction of the five-step approach. Principles are established for the timing of recognising revenue and reporting useful information to users of financial statements about the nature, amount, timing and the satisfaction of the promises identified arising from an entity's contracts with customers.

IFRS 16 Leases

- IFRS 16 Leases replaces IAS 17 Leases. It sets out the principle for the recognition, measurement, presentation and disclosure of leases for both lessee and lessor. It eliminates the classification of leases as either operating or finance leases and introduces a single lessee accounting model where the lessee is required to recognise assets and liabilities for all material leases that have a term greater than a year.
- Under IFRS 16, leases are capitalised by recognising the present value of the lease payments. This has the effect of increased lease assets and financial liabilities for the Group.

Other changes to IFRS have been issued but are not yet effective for the Group. However they are not expected to have a material effect on the consolidated financial statements or they are not currently relevant for the Group.

b) Basis of consolidation

The financial statements of the Group incorporate the financial statements of the Company (the parent) and entities controlled by the Company (its subsidiaries) made up to 30 June each year.

Control is achieved when the Company:

- has the power over the subsidiary entity;
- is exposed, or has rights, to variable returns from its involvement with the subsidiary entity; and
- has the ability to use its power to affect those returns.

Notes to the Consolidated Financial Statements (continued)

The Group reassesses whether it controls the subsidiaries if facts and circumstance indicate that there are changes to their control. When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Intra-Group assets and liabilities, equity, income, expenses and cash flows relating to intra-Group transactions are eliminated on consolidation. Where necessary, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of.

The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

c) Revenue recognition

The Group recognises revenue from the following major sources:

- Initial product licence fees;
- Annual subscriptions; and
- Rendering of services, including professional services and support contracts.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Initial product licence fees

Initial software licence revenue is recognised upon delivery of the software to the customer, provided that the Group has no significant related obligations or collection uncertainties remaining.

Annual subscriptions

Annual subscriptions are recognised on a straight-line basis, for the right to continued access to the licenced intellectual property (IP) and the support and maintenance services for the licences held, in accordance with the master licence agreement in place. Annual subscriptions include all support, maintenance, software updates and cloud services provided by FINEOS to customers.

Rendering of services, including professional services and support contracts

Revenue from rendering of services is recognised in the accounting period in which the services are rendered when the outcome of the contract can be estimated reliably.

Professional services are provided primarily on a time and materials basis for which revenue is recognised in the period that the services are provided.

For the services element of fixed price project engagements, revenue is recognised when the outcome of the transaction can be estimated reliably by reference to the stage of completion of the transaction at the end of the reporting period. The stage of completion is generally measured using output measures, primarily arrangement milestones, where such milestones indicate progress to completion. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, an entity shall recognise revenue only to the extent of the expenses recognised that are recoverable.

Income arising on support contracts and rental/subscription sales where the provision of the service has not been completed at the year-end date is deferred and recognised as the service is provided.

When the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the effective rate of interest.

The Group's policy for contract costs (associated with revenue contracts) is outlined in Note 2(l).

d) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- amounts expected to be payable under a residual value guarantee.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment', and lease liabilities in trade and other payables in the statement of financial position. Right-of-use asset of office rentals is presented under 'property, plant and equipment', while right-of-use asset of licences is presented under 'intangible assets'. The movement of right-of-use of the assets of the Group is disclosed in Notes 11 and 12.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of offices and licences that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Lease modifications

The Company as lessee accounts for a lease modification as a separate lease if both:

(a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

(b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification the Company as lessee:

(a) allocates the consideration in the modified contract;

(b) determines the lease term of the modified lease; and

(c) remeasures the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined; or the Company's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

For a lease modification that is not accounted for as a separate lease, the Company as lessee accounts for the remeasurement of the lease liability by:

(a) decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The Company recognises in profit or loss any gain or loss relating to the partial or full termination of the lease; or

(b) making a corresponding adjustment to the right-of-use asset for all other lease modifications.

e) Foreign currencies

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items, are included in the statement of comprehensive income for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the statement of comprehensive income for the year except for differences arising on the retranslation of non-monetary items in respect of which gains, and losses, are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Euro using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in the statement of comprehensive income in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated accordingly.

f) Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the financial year.

Defined contribution pension plans

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value of the equity instruments (excluding the effect of non-market-based vesting conditions) at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 19. The cost of equity-settled transactions with employees is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. No expense is recognised for awards that do not ultimately vest; except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each year end date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, the number of equity instruments that will ultimately vest, or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in the cumulative expense since the previous year-end date is recognised in the statement of comprehensive income, with a corresponding entry in 'share option reserves'.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

g) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

h) Interest income

Interest income comprises of income on cash held on interest-bearing bank deposits. Interest income is recognised as it occurs in the statement of comprehensive income, using the effective interest rate method.

i) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in the statement of comprehensive income on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to the statement of comprehensive income on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in the statement of comprehensive income in the period in which they become receivable.

Government grants towards staff re-training costs are recognised as income over the periods necessary to match them with the related costs and are deducted in reporting the related expense.

Government grants relating to the acquisition of property, plant and equipment or intangible assets are treated as deferred income and released to the statement of comprehensive income over the expected useful lives of the assets concerned.

j) Income tax

The taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

k) Research and development tax credits

Research and development tax credits are recognised as a gain, set against the related expenditure in the year to which they relate. To the extent that the related expenditure is capitalised the tax credit is deferred on the statement of financial position.

l) Intangible assets

Intangible assets acquired separately

Computer software

Computer software separately acquired, including computer software which is not an integral part of an item of computer hardware, is stated at cost less any accumulated amortisation and any accumulated impairment losses. Cost comprises purchase price and other directly attributable costs.

Computer software is recognised as an asset only if it meets the following criteria:

- an asset can be separately identified;
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably;
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Costs relating to the development of computer software for internal use are capitalised once the recognition criteria outlined above are met.

Computer software is amortised on a straight-line basis over its useful economic life, which is considered to be between three to five years. The amortisation expense is included within administrative expenses in the consolidated statement of comprehensive income.

Internally-generated intangible assets

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the statement of comprehensive income in the period in which it is incurred.

Borrowing costs, which meet the criteria as set out in note 2(g) above, incurred in respect of an internally-generated intangible asset arising from development which meets each of the aforementioned criteria is capitalised and classified as an intangible asset.

Development expenditure is amortised on a straight-line basis over its useful economic life, which commences when the asset is brought into use, and is considered to be between five and 10 years. The amortisation expense, are included within administrative expenses in the consolidated statement of comprehensive income.

Contract costs

The incremental costs of obtaining a contract are recognised as an asset if the Group expects to recover those costs. However, those incremental costs are limited to the costs that the Group would not have incurred if the contract had not been successfully obtained.

Costs incurred to fulfil a contract are recognised as an asset if and only if all of the following criteria are met:

- the costs relate directly to a contract (or a specific anticipated contract);
- the costs generate or enhance resources of the entity that will be used in satisfying performance obligations in the future; and
- the costs are expected to be recovered.

These include costs such as direct labour, direct materials, and the allocation of overheads that relate directly to the contract.

The asset recognised in respect of the costs to obtain or fulfil a contract is amortised on a systematic basis that is consistent with the associated revenue contract's pattern of transfer of the services to which the asset relates. The amortisation expense is included within administrative expenses in the consolidated statement of comprehensive income. The incremental costs of obtaining a contract are expensed if the associated amortisation period would be 12 months or less.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the statement of comprehensive income when the asset is derecognised.

m) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs, and borrowing costs capitalised.

Depreciation

Depreciation is calculated using the straight-line method to write off the cost of property, plant and equipment over their expected useful lives as follows:

Office equipment	33.33%
Computer equipment	33.33%
Fixtures and fittings	20% to 33.33%
Right of use assets	Lower of the useful life of the asset or the lease term

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Subsequent additions

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Group and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful lives.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

n) Financial assets

Investments in subsidiary companies

Investments in subsidiary companies are reflected in the separate financial statements of the parent Company. Investments in subsidiaries are stated at cost less accumulated impairment losses.

o) Impairment of tangible and intangible assets

The Group reviews the carrying amounts of its tangible and intangible assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Irrespective of whether there is any indication of impairment, the Group also tests its intangible assets with indefinite useful lives and intangible assets not yet available for use for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in the statement of comprehensive income; unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income; unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

p) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial assets

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of comprehensive income.

All financial assets are recognised on a trade date – the date on which the Group commits to purchase or sell the asset. They are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss; held-to-maturity investments; loans and receivables; and available-for-sale financial assets. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

Loans and receivables

The Group's loans and receivables comprise trade and other receivables, amounts due from contract customers, bank balances and fixed deposits.

Such loans and receivables are non-derivatives with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime Expected Credit Losses ("ECL") for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the receivables, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including the time value of money where appropriate. When there has not been a significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL which represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date; except for assets for which a simplified approach was used.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(a) The financial instrument has a low risk of default;

(b) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and

(c) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has an external credit rating of 'investment grade' in accordance with the globally understood definition; or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivable.

Financial liabilities and equity

Classification of debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Ordinary share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the roup's obligations are discharged, cancelled or they expire.

Derivative financial instruments

In order to manage interest rate and foreign currency risks, the Group has from time to time entered into derivative financial instruments (principally interest rate swaps, currency swaps and forward foreign exchange contracts). Derivative financial instruments are recognised initially at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The carrying value of derivatives is fair value based on discounted future cash flows and adjusted for counterparty risk. Future floating rate cash flows are estimated based on future interest rates (from observable yield curves at the end of the reporting period). Fixed and floating rate cash flows are discounted at future interest rates and translated at period-end foreign exchange rates. At the statement of financial position date, no derivative instruments were recognised on the statement of financial position.

Notes to the Consolidated Financial Statements (continued)

q) Provisions and contingencies

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingencies

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

r) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

s) Related party transactions

Related party transactions are disclosed in accordance with IAS 24 Related Party Disclosures and the Companies Act 2014.

3. Significant Accounting Judgements, Estimates and Assumptions

In preparing these financial statements, the Group and Company makes judgements, estimates and assumptions concerning the future that impact the application of policies and reported amounts of assets, liabilities, income and expenses.

The resulting accounting estimates calculated using these judgements and assumptions are based on historical experience and expectations of future events, and may not equal the actual results. Estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to estimates are recognised prospectively.

The judgements and key sources of assumptions and estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below.

Critical judgements made in applying the Group's and Company's accounting policies

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in these financial statements are set out below:

Group:

(a) Development expenditure

The Group capitalises a proportion of costs related to software development in accordance with its accounting policy. The Group regularly reviews the carrying value of capitalised development costs, which are amortised over five to 10 years, to ensure they are not impaired and the amortisation period is appropriate. Management makes judgements about the technical feasibility and economic benefit of completed products, as well as the period of time over which the economic benefit will cease.

(b) Useful life of intangible assets

Intangible assets are amortised over their useful lives. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of intangible assets. Changes in the economic usage and developments could affect the economic useful life of the intangible fixed asset which could then consequently impact future amortisation charges. The carrying amount of the intangible assets of the Group as at 30 June 2019 was €44,027,266 (2018: €35,872,977) (Note 11).

(c) Revenue recognition

The Group recognises revenue in line with IFRS 15 Revenue recognition. Management applies judgement in determining the nature, variable considerations, and timing of satisfaction of promises in the context of the contract that meet the basis of revenue recognition criteria. Significant judgements include identifying performance obligations, identifying distinct intellectual property licences, and determining the timing of satisfaction and approach in recognising the revenue of those identified performance obligations; whether a point in time or a passage of time approach to be adopted. See applied revenue recognition criteria for each revenue stream within Note 2(c) for details on the Group's revenue recognition policies adopted. The amount of the Group's revenue recognised as at 30 June 2019 was €62,812,770 (2018: €53,766,855) (Note 4).

Company:

(a) Impairment of investment in subsidiaries

Investments in subsidiary companies are reflected in the separate financial statements of the parent Company at cost less accumulated impairment losses. At the end of each financial year, an assessment is made on whether there are indicators that the Company's investments are impaired. The Company's assessment is based on the performance of the underlying subsidiary companies and no impairment has been recognised in the year under review. The carrying amount of investments in subsidiaries in the Company statement of financial position at 30 June 2019 was €22,834,215.

Notes to the Consolidated Financial Statements (continued)

4. Revenue

	2019 €	2018 €
Amount of revenue by class of activity:		
Initial product licence fees	3,699,694	7,072,923
Annual subscriptions	19,588,954	14,974,798
Professional services	39,524,122	31,719,134
	62,812,770	**53,766,855**

	2019 €	2018 €
Amount of revenue by market:		
APAC	28,368,929	28,903,342
North America	28,248,723	18,808,513
EMEA	6,195,118	6,055,000
	62,812,770	**53,766,855**

Segment information

The Group manages its operations as a single business operation and there are no parts of the Group that qualify as operating segments. The Board assesses the financial performance of the Group on an integrated basis only and accordingly, the Group is managed on the basis of a single segment.

Major customers

Two individual external customers each account for over 10% of the Group's revenue, as follows:

	2019 €	2018 €
Client 1	15,344,891	14,335,673
Percentage of total revenue	24.4%	26.7%
Client 2	11,095,136	6,353,642
Percentage of total revenue	17.7%	11.8%

Initial product licence fees

Initial software licence is considered a distinct performance obligation to the customer. Revenue is recognised when control is transferred to the customer which is upon delivery of the licensed intellectual property (IP) at a point in time, provided that the Group has no significant related obligations remaining which would significantly enhance or modify the licensed IP or any collection uncertainties over the term of the contract.

Licences with related obligations which significantly enhance or modify the IP are considered a single performance obligation. The performance obligation is satisfied over time as the client avails of consistent access to the services enhancing and customising the licensed IP. The satisfaction of the performance obligation is reliably measured primarily on a percentage-of-completion basis. Revenue is recognised over the passage of time using the output method based on pre-agreed milestones between the parties in accordance with the master licence agreement in place. Income arising on customised solutions where the provision of the service has not been completed at the year-end date is deferred and recognised as the service is provided.

Annual subscriptions

Annual subscriptions include all support, maintenance, software updates and cloud services provided by FINEOS to customers.

Annual support and maintenance is considered a distinct performance obligation. The performance obligation is satisfied over time and the annual licence fees are recognised using the output method on a straight-line basis which reflects time lapsed, for the right to continued support and maintenance for licences held, in accordance with the master licence agreement in place.

Income arising on support and maintenance where the provision of the service has not been completed at the year-end date is deferred creating a contract liability which is subsequently recognised as the service is provided.

Cloud services are made available to the customer through the Group's preferred Virtual Private Cloud (VPC) provider. In accordance with the master agreement, the subscription includes the provision of the licence along with annual support and maintenance services. The promises are considered a single performance obligation which is satisfied over time and the subscription fees, including the third-party fees, are recognised using the output method on a straight-line basis which reflects time lapsed, for the continued right to access the licenced IP and to benefit of the support and maintenance services.

Income arising on Cloud subscription where the provision of the service has not been completed at the year-end date is deferred creating a contract liability which is subsequently recognised as the service is provided.

Rendering of services, including professional services

Rendering of services are distinct performance obligations for which revenue is recognised in the accounting period in which the services are rendered when the outcome of the contract can be estimated reliably.

The performance obligations are satisfied over time and the satisfaction of the promises is measured using the input method, primarily on a time and materials basis for which revenue is recognised in the period that the services are provided.

For the services element of fixed price project engagements, the performance obligations are satisfied over time and the satisfaction of the promises reliably measured primarily on a percentage-of-completion basis over the term of the contract. Revenue is recognised using the output method based on pre-agreed milestones indicating progress to completion.

Income arising on rendering of services where the provision of the service has not been completed at the year-end date is deferred creating a contract liability which is subsequently recognised as the service is provided.

Contract assets and contract liabilities

Contract assets

Contract assets are disclosed separately as unbilled receivables in Trade and other receivables amounting to €1,405,217. (2018: €1,135,781) (Note 14).

Contract liabilities

Contract liabilities are disclosed separately as deferred income in Trade and other payables amounting to €10,397,118 (2018: €10,447,737) (Note 15). The Group is availing of the practical expedient which exempts the disclosure of unsatisfied performance obligations to date since both of the following criteria are met:

- The performance obligations are part of contracts which have an original expected duration of one year or less; and
- The Group recognises revenue from the satisfaction of the performance obligations which has been completed to date and to which the Group has a right to invoice.

Notes to the Consolidated Financial Statements (continued)

5. Employees

The average monthly number of persons employed by the Group (including Directors) during the year was as follows:

	2019 Number	2018 Number
Product development and delivery	577	491
Sales and marketing	13	12
Administration	41	36
	631	**539**

The staff costs comprise:	**2019** **€**	**2018** **€**
Wages and salaries	44,168,771	37,933,471
Social welfare costs	3,568,332	3,371,318
Pension costs	2,285,974	2,078,761
Share-based payments	797,361	236,765
	50,820,438	**43,620,315**

Directors' remuneration	**2019** **€**	**2018** **€**
Directors' remuneration in respect of qualifying		
services in respect of FINEOS Corporation Limited:		
– Emoluments	1,082,069	782,735
– Pensions	27,342	26,642

The number of Directors to whom retirement benefits are accruing under defined contribution scheme pension costs noted above is one (2018: one).

Other than as shown above any further disclosures in Sections 305 and 306 of the Companies Act 2014 are €nil for the financial year presented.

Aggregate amount of gains by the Directors on the exercise of share options during the financial year amounted to €Nil (2018: €Nil).

Staff costs as qualifying development expenditure

The qualifying development expenditure generating an asset as shown in Note 11 consists of qualifying staff costs incurred in relation to the development of the Group's projects. During the current period, qualifying staff costs amounted to €13,925,681 (2018: €13,030,786).

6. Other Income

	2019 €	2018 €
Research and development tax credit	990,784	594,119
Grant income	62,388	–
	1,053,172	594,119

The Company has previously availed of research and development tax credits pursuant to Section 33, Finance Act 2004.

7. Finance Costs

	2019 €	2018 €
Bank charges and interest	1,095,351	664,480
Lease interest	263,278	387,210
	1,358,629	1,051,690

8. (Loss)/Profit on Ordinary Activities Before Taxation

		2019 €	2018 €
The (loss)/profit on ordinary activities before taxation is stated after charging/(crediting):			
Auditor's remuneration	– Audit of Group companies	95,000	49,000
	– Other assurance services	151,000	–
	– Tax advisory services	119,000	7,000
	– Other non-audit services	7,000	10,000
Depreciation (Note 12)		1,357,376	1,745,677
Amortisation (Note 11)		7,115,224	4,395,112
Research and development expense		8,919,930	8,507,660
Research and development tax credit (Note 6)		(990,784)	(594,119)
Foreign exchange loss		34,387	753,763

Notes to the Consolidated Financial Statements (continued)

9. Tax on (Loss)/Profit on Ordinary Activities

(a) Tax on (loss)/profit) on ordinary activities

The tax charge is made up as follows:

	2019 €	2018 €
Current tax:		
Overseas taxation	509,640	509,300
Foreign withholding tax	66,070	209,017
Adjustments in respect of previous years	–	683
Total current tax	**575,710**	**719,000**
Deferred tax:		
Origination and reversal of timing differences	(479,674)	604,534
Tax on (loss)/profit on ordinary activities	**96,036**	**1,323,534**

Overseas taxation has been provided on the results of overseas subsidiary companies at the appropriate overseas rates of tax.

(b) Factors affecting the tax charge for the year

The current tax charge for the year differs from the amount computed by applying the standard rate of corporation tax in the Republic of Ireland to the (loss)/profit on ordinary activities before taxation. The sources and tax effects of the differences are explained below:

	2019 €	2018 €
(Loss)/profit on ordinary activities before tax	(1,673,621)	2,690,396
(Loss)/profit on ordinary activities multiplied by the standard rate of tax of 12.5%	(209,203)	336,300
Depreciation greater than capital allowances	56,559	16,036
Short-term timing differences	(1,652)	29,621
Non-deductible expenses/non-taxable income	256,018	45,545
Higher tax charge on passive income	57	(2,244)
Higher rates of tax on foreign income	279,450	299,206
Research and development tax credits claimed	(157,791)	(49,524)
Foreign withholding tax	66,070	209,017
Adjustments in respect of previous years	–	683
Losses carried forward/(utilised)	286,202	(165,640)
Deferred tax	(479,674)	604,534
Total tax charge	96,036	1,323,534

(c) Deferred tax asset/(liability)

Group	2019 €	2018 €
At beginning of year	(359,593)	258,427
Released/(charged) to the statement		
of comprehensive income (Note 9(a))	479,674	(604,534)
Foreign exchange	(2,383)	(13,486)
At end of year	117,698	(359,593)
The deferred tax asset/(liability) is analysed as follows:		
Timing differences between depreciation		
and capital allowances	138,076	123,419
Timing differences on holiday leave	251,284	230,097
Timing differences between losses		
forward and capitalised development costs	(401,183)	(804,390)
Other timing differences	129,521	91,281
At end of year	117,698	(359,593)
Being:		
Deferred tax asset	311,568	–
Provision for deferred tax	(193,870)	(359,593)
Deferred tax asset/(liability)	117,698	(359,593)

10. Earnings Per Share

	2019 €	2018 €
Basic earnings per share		
(Loss)/profit attributed to ordinary shareholders	(1,773,927)	1,202,640
Weighted average number of ordinary shares outstanding	219,990,350	219,990,350
Basic (loss) / profit per share	**(0.01)**	**0.01**

Basic (loss)/profit per share is calculated by dividing the loss for the year after taxation attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share		
(Loss) / profit attributable to ordinary shareholders	(1,773,927)	1,202,640
Weighted average number of ordinary shares outstanding	219,990,350	224,401,590
Diluted loss / profit per share	**(0.01)**	**0.01**

The calculation of diluted earnings per share has been based on the loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustments for the effects of all dilutive ordinary shares. Potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares would decrease EPS or increase the loss per share from continuing operations.

Subsequent to the year end, a resolution was passed to subdivide all issued and unissued ordinary shares of €0.01 each in the capital of the Company by 10. The calculation of basic and diluted earnings per share for all periods presented has been adjusted retrospectively.

11. Intangible Assets

Group 2019	Right of use assets €	Development expenditure €	Contract costs €	Computer software €	Total €
Cost					
At 30 June 2018	2,743,877	50,986,528	316,585	341,736	54,388,726
Additions	–	13,925,681	1,343,832	–	15,269,513
At 30 June 2019	2,743,877	64,912,209	1,660,417	341,736	69,658,239
Amortisation					
At 30 June 2018	1,688,038	16,603,105	49,884	174,722	18,515,749
Charged in year	683,094	6,141,730	221,949	68,451	7,115,224
At 30 June 2019	2,371,132	22,744,835	271,833	243,173	25,630,973
Net book amounts					
At 30 June 2019	372,745	42,167,374	1,388,584	98,563	44,027,266
At 30 June 2018	1,055,839	34,383,423	266,701	167,014	35,872,977

Group 2018	Right of use assets €	Development expenditure €	Contract costs €	Computer software €	Total €
Cost					
At 30 June 2017	2,281,125	37,535,742	70,983	341,736	40,229,586
Additions	462,752	13,450,786	245,602	–	14,159,140
At 30 June 2018	2,743,877	50,986,528	316,585	341,736	54,388,726
Amortisation					
At 30 June 2017	1,004,944	13,007,076	2,366	106,251	14,120,637
Charged in year	683,094	3,596,029	47,518	68,471	4,395,112
At 30 June 2018	1,688,038	16,603,105	49,884	174,722	18,515,749
Net book amounts					
At 30 June 2018	1,055,839	34,383,423	266,701	167,014	35,872,977
At 30 June 2017	1,276,181	24,528,666	68,617	235,485	26,108,949

Notes to the Consolidated Financial Statements (continued)

Development expenditure

In total, research and development costs for the Group amounted to €22,845,611 (2018: €21,538,446) in the reporting period, out of which €13,925,681 (2018: €13,030,786) qualifies for capitalisation under IAS 38 'Intangible assets'. Qualifying development expenditure is amortised on a straight-line basis over its useful economic life, which is considered to be between five and 10 years. The amortisation expense amounting to €6,036,730 in 2019 (2018: €3,553,123) is included within administrative expenses in the consolidated statement of comprehensive income.

Included within Group development expenditure additions is capitalised borrowing costs of €Nil (2018: €420,000) during the year. The amortisation expense relating to capitalised borrowing costs is €105,000 (2018: €42,906).

The intangible assets recognised of €35.9 million (2018: €26.1 million) are in respect of assets in the Republic of Ireland.

12. Property, Plant and Equipment

Group 2019	**Right of use assets €**	**Office equipment €**	**Computer equipment €**	**Fixtures and fittings €**	**Total €**
Cost					
At 30 June 2018	4,818,466	726,557	1,871,394	2,720,325	10,136,742
Additions	190,016	28,879	832,091	605	1,051,591
Lease modification	3,916,847	–	–	–	3,916,847
Disposals	–	–	–	(719,253)	(719,253)
Translation adjustment	(31,260)	(69,985)	293,058	(299,865)	(108,052)
At 30 June 2019	8,894,069	685,451	2,996,543	1,701,812	14,277,875
Depreciation					
At 30 June 2018	1,908,471	638,158	1,394,273	2,474,261	6,415,163
Charged in year	709,255	42,213	440,637	165,271	1,357,376
Disposals	–	–	–	(719,253)	(719,253)
Translation adjustment	(3,786)	(56,923)	285,533	(295,959)	(71,135)
At 30 June 2019	2,613,940	623,448	2,120,443	1,624,320	6,982,151
Net book amounts					
At 30 June 2019	6,280,129	62,003	876,100	77,492	7,295,724
At 30 June 2018	2,909,995	88,399	477,121	246,064	3,721,579

Group 2018	Right of use assets €	Office equipment €	Computer equipment €	Fixtures and fittings €	Total €
Cost					
At 30 June 2017	2,909,463	685,652	5,607,630	2,790,391	11,993,136
Additions	1,909,003	45,567	305,607	10,611	2,270,788
Disposals	–	–	(3,657,070)	–	(3,657,070)
Translation adjustment	–	(4,662)	(384,773)	(80,677)	(470,112)
At 30 June 2018	4,818,466	726,557	1,871,394	2,720,325	10,136,742
Depreciation					
At 30 June 2017	872,839	617,084	5,126,962	2,177,458	8,794,343
Charged in year	1,035,632	30,381	305,442	374,222	1,745,677
Disposals	–	–	(3,657,070)	–	(3,657,070)
Translation adjustment	–	(9,307)	(381,061)	(77,419)	(467,787)
At 30 June 2018	1,908,471	638,158	1,394,273	2,474,261	6,415,163
Net book amounts					
At 30 June 2018	2,909,995	88,399	477,121	246,064	3,721,579
At 30 June 2017	2,036,624	68,568	480,668	612,933	3,198,793

The tangible assets recognised of €7,295,724 are in respect of assets in APAC (€1,100,566), North America (€64,919) and EMEA (€6,130,239).

13. Financial Assets

	2019 €
Company	
Shares in Group undertakings – unlisted, at cost:	
At beginning of period	–
Additions during period	22,834,215
At end of period	**22,834,215**

The Company has the following subsidiary undertakings. All subsidiaries are wholly owned unless otherwise indicated:

FINEOS International Ltd is incorporated in Jersey and has its registered address at 2nd Floor, The Le Gallais Building, 54 Bath Street, St. Helier, Jersey, JE1 1FW. The principal activity of the Company is that of a holding Company.

FINEOS Europe Unlimited is incorporated in Jersey and has its registered address at 2nd Floor, The Le Gallais Building, 54 Bath Street, St. Helier, Jersey, JE1 1FW. The principal activity of the Company is that of a holding Company.

Notes to the Consolidated Financial Statements (continued)

FINEOS Corporation Limited (previously FINEOS Corporation U.C.) is incorporated in the Republic of Ireland and has its registered office at FINEOS House, East Point Business Park, Dublin 3, D03 FT97. It is an innovator of enterprise claims management and policy administration software for the Life, Accident and Health insurance industry.

FINEOS UK Limited (previously FINEOS Corporation Limited) is incorporated in the United Kingdom and has its registered office at 5 Clapham Chase, Bedford, Bedfordshire, MK41 6FA, UK (previously 5 Amberly Gardens, Bedford, Bedfordshire). It provides sales and marketing services to its parent undertaking.

FINEOS Corporation is incorporated in the State of Delaware in the United States of America and has its registered office at 60 State Street, Suite 700, Boston, MA 02109 United States of America. It provides sales and marketing services to its parent undertaking.

FINEOS Australia Pty Limited is incorporated in Australia and has its registered office at Level 8, 224–228 Queen Street, Melbourne, VIC 3000, Australia. It provides sales and marketing services to its parent undertaking.

FINEOS New Zealand Limited is incorporated in New Zealand and has its registered office at the offices of DLA Phillips Fox, Level 22, DLA Phillips Fox Tower, 209 Queen Street, Auckland 1010, New Zealand. It services local customers and is supported by the provision of services from its parent undertaking.

FINEOS Polska S.p Z.o.o is incorporated in Poland and has its registered office at 2 Szymanowskiego Street, 80-280 Gdansk, Poland. It services local customers and is supported by the provision of services from its parent undertaking.

FINEOS Canada Limited is incorporated in Canada and has its registered office at 900-1959 Upper Water Street, Halifax, NS, Canada B3J 3N2. It services local customers and is supported by the provision of services from its parent undertaking.

FINEOS Hong Kong Limited is incorporated in Hong Kong and has its registered office at 16th floor, Wing On Centre, 111 Connaught Road Central, Hong Kong.

14. Trade and Other Receivables

	2019 €	**2018 €**
Group		
Trade receivables	7,400,917	11,470,051
Unbilled receivables	1,405,217	1,135,781
Other receivables	192,830	42,485
Prepayments	2,344,511	1,326,382
Research and development tax credits	3,771,908	3,516,117
Value added tax recoverable	439,399	259,687
Corporation tax recoverable	170,935	129,329
Deferred tax asset (Note 9)	311,568	–
	16,037,285	**17,879,832**

Trade and other receivables

The carrying amounts of trade receivables and other receivables approximate their fair value largely due to the short-term maturities and nature of these instruments. All trade receivables are due within the Group's and Company's normal terms, which are 30 days. Trade receivables are shown net of impairment in respect of doubtful debts.

Unbilled receivables

The terms of the accrued income are based on underlying invoices.

Taxes and tax credits

Taxes and social welfare costs are subject to the terms of the relevant legislation.

15. Trade and Other Payables

Current	2019 €	2018 €
Group		
Trade payables	1,868,820	1,375,191
Corporation tax	145,605	260,038
Value added tax	57,420	161,845
PAYE and PRSI	1,119,744	916,220
Accruals	7,630,504	4,008,859
Deferred revenue	10,397,118	10,447,737
Research and development tax credit	1,344,922	915,917
Lease liabilities (Note 21)	1,082,495	1,094,844
	23,646,628	**19,180,651**

Company	2019 €	2018 €
Amounts due to subsidiary undertakings	100	–

Trade and Other Payables

Non-current	2019 €	2018 €
Group		
Long-term loan (Note 20)	15,000,000	15,000,000
Lease liability (Note 21)	5,938,691	3,166,219
Research and development tax credit	6,874,808	6,275,453
	27,813,499	**24,441,672**

Trade and other payables

The carrying amounts of trade and other payables approximate their fair value largely due to the short-term maturities and nature of these instruments. The repayment terms of trade payables vary between on demand and 30 days. No interest is payable on trade payables.

Reservation of title

Certain trade payables purport to claim a reservation of title clause for goods supplied. Since the extent to which these payables are secured at any time depends on a number of conditions, the validity of some of which is not readily determinable, it is not possible to indicate how much of the above was effectively secured.

Amounts due to Group companies

The amounts due to Group and related companies are unsecured, interest free and are repayable on demand.

Accruals

The terms of the accruals are based on underlying invoices.

Taxes and social welfare costs

Taxes and social welfare costs are subject to the terms of the relevant legislation. Interest accrues on late payments. No interest was due at the financial year end date.

16. Cash and Cash Equivalents

	2019 €	2018 €
Group		
Cash and cash equivalents	**6,903,010**	10,093,382

	2019 €
Company	
Cash and cash equivalents	101

There are no restrictions on the cash held.

17. Called up Share Capital

	Group and Company 2019 €	Group 2018 €
Authorised share capital		
431,217,456 A Ordinary shares of €0.01 each	4,312,175	4,312,175
7,978,180 Preferred A shares of €0.01 each	79,782	79,782
2,462,944 B Ordinary Redeemable shares of €0.01 each	24,629	24,629
8,341,420 C Ordinary Redeemable shares of €0.01 each	83,414	83,414
	4,500,000	**4,500,000**
Issued share capital presented as equity		
15,297,109 A Ordinary shares of €0.01 each	152,971	152,971
441,124 Preferred A shares of €0.01 each	4,411	4,411
36,440 B Ordinary Redeemable shares of €0.01 each	365	365
6,665,486 C Ordinary Redeemable shares of €0.01 each	66,655	66,655
	224,402	**224,402**

Dividends

The A Ordinary shares, the B Ordinary Redeemable shares, the C Ordinary Redeemable shares and the Preferred A shares rank pari passu with each other in relation to all dividends which may be declared or paid by the Company.

Voting rights

The holders of the A Ordinary shares, the B Ordinary Redeemable shares, the C Ordinary Redeemable shares and the Preferred A shares shall be entitled to receive notice of and to attend and vote at all general meetings of the Company and on a poll shall be entitled to one vote per share.

Redemption

Upon written application to the Company by a holder of B Ordinary Redeemable shares or C Ordinary Redeemable shares, the Board may redeem some or all of that holder's B Ordinary Redeemable shares or C Ordinary Redeemable shares on such terms as may be agreed between the Board and the holder of the shares, provided always that the redemption price per B Ordinary Redeemable share or C Ordinary Redeemable share shall not be less than €0.169.

Ordinary share capital

100 Ordinary shares of €0.0127 each were issued for the initial capitalisation of the Company, in the name of Michael Kelly.

On 20 June 2019, one A Ordinary share of €0.01 each was issued in the Company, in the name of Michael Kelly.

On 21 June 2019 the 100 A Ordinary shares of €0.0127 each in issue were transferred by Michael Kelly to the Company for no consideration and were thereupon cancelled.

On 24 June 2019 to facilitate a corporate re-organisation of the FINEOS Group, a share exchange agreement was entered into, whereby the entire issued share capital of FINEOS International Limited ("FIL") was transferred by the shareholders of FIL to the Company, in consideration of the issue and allotment of shares in the Company to the shareholders of FIL on a one-for-one basis; the following shares were issued in the share capital of the Company:

- 15,297,109 A Ordinary shares of €0.01 each
- 441,124 Preferred A shares of €0.01 each
- 36,440 B Ordinary Redeemable shares of €0.01 each
- 6,665,486 C Ordinary Redeemable shares of €0.01 each

A connected person with Michael Kelly, Jacquel Investments Limited, is the holder of 11,851,673 A Ordinary shares of €0.01 each and 6,381,670 C Ordinary Redeemable shares of €0.01 each, following the share exchange agreement.

The one A Ordinary share in issue prior to completion of the share exchange agreement in the name of Michael Kelly was surrendered to the Company for no consideration following completion of the share exchange agreement, and was thereupon cancelled.

Subsequent to the year end, a resolution was passed on 9 July 2019 to subdivide all issued and unissued ordinary shares of €0.01 each in the capital of the Company by 10 so that the nominal value of each share in the Company shall be €0.001 rather than €0.01 and to re-designate all the issued and unissued "A Ordinary Shares" as "Ordinary Shares" but with no change to the rights attached to the shares.

On 15 August 2019, in preparation for the Company's admission to the official list of the Australian Stock Exchange (ASX) and its initial public offering, the Company issued and allotted 39,980,121 new ordinary shares at a price of AUS $2.50 per Ordinary Share. In addition, the Preferred A Shares, B Ordinary Redeemable Shares and C Ordinary Redeemable Shares were converted into Ordinary Shares.

18. Reserves

Foreign exchange reserve

The foreign exchange reserve represents gains/losses arising on retranslating the net assets of overseas operations into Euro.

Retained earnings

The retained earnings represent cumulative gains and losses recognised, net of transfers to/from other reserves and dividends paid.

Other undenominated capital

This reserve records the nominal value of shares repurchased by the Company.

Share option reserve

The share option reserve represents the movement in share-based payments. The movement in the cumulative expense since the previous year end date is recognised in the statement of comprehensive income, with a corresponding entry in 'share option reserve'.

Re-organisation reserve

This reserve represents the difference between the nominal value of the shares issued in the Company and the book value of the investment acquired arising from the capital reorganisation as outlined in the basis of financial statements note on page 44.

Notes to the Consolidated Financial Statements (continued)

19. Share-Based Payments

FINEOS International Limited, the previous ultimate parent undertaking of the Group, established a share option scheme in April 2012, which was available to all employees of the Company and such other persons as the Board of Directors determine. The pricing and vesting periods of the options granted are generally determined by the Board of Directors. The options generally vest over the subsequent three-year period if the employee remained in service at these vesting times. No options can be exercised until a "triggering event" occurs, being an acquisition by any person, or Group of persons acting in concert (excluding any persons connected or related to the existing shareholders), of control of the Company (FINEOS International Limited) as a result of purchasing and/or subscribing for shares under a trade sale or IPO. The exercise price of the options was set at the time of grant against the market value of the underlying share. There are no cash settlement alternatives. In 2015, a new share option scheme was established with the same terms and conditions as the scheme established in 2012.

On 4 February 2019, the Group modified the terms and conditions of the share options granted under its 2015 share option plan and granted new options under its 2019 option plan. The options granted under the 2019 plan were issued as replacements for options granted under the Company's 2012 share option plan which lapsed on 1 February 2019 without having vested.

On 24 June 2019, as part of the restructure, all options were exchanged for options in the new parent Company, FINEOS Corporation Holdings Limited, on a one-for-one basis. The awards granted under the plan vest six months after the incidence of a "trigger event".

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options granted under the schemes to employees of FINEOS Corporation Holdings Plc during the year. There were no shares issued during the year or prior year.

	2019 No.	2019 WAEP	2018 No.	2018 WAEP
Outstanding as at 1 July	2,064,839	1.85	2,115,614	1.85
Options granted during year			–	–
Options expired during year	(20,775)	2.12	(50,775)	1.85
Outstanding at 30 June	2,044,064	1.83	2,064,839	1.85
Exercisable at 30 June	–	–	–	–

The Group's share-based payment transactions which were recognised as an expense through the statement of comprehensive income for the reporting period amounted to €797,361 (2018: €236,765). Liabilities arising from share-based payment transactions at 30 June 2019 amounted to €Nil (2018: €Nil).

For the share options outstanding as at 30 June 2019 the weighted average remaining contractual life is one year. The fair value of equity-settled share options granted is estimated as at the date of grant using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The Black-Scholes model is internationally recognised as being appropriate to value employee share schemes. Since shares in the Group are not freely tradable, useful volatility information is not available. The Company has therefore used expected share price volatilities of comparable listed companies.

The following table lists the inputs to the model used for the year ended 30 June 2019:

	2019 %	2018 %
Dividend yield	0	0
Expected volatility	16.5	19
Risk free interest rate	0.93	1
Average expected life remaining in years	7	6

20. Bank Loans

	2019 €	2018 €
Group		
Due after one year	15,000,000	15,000,000

A five-year loan agreement was entered into during FY17. Six interest-only repayments are repayable per annum, with a final payment required in full and final settlement of the principal and interest on the loan at the end of the five-year period. Borrowing costs are directly attributable to an internally-generated intangible asset, being development costs, and are capitalised in line with the amount of qualifying development expenditure in the period. Borrowing costs of €Nil (2018: €420,000) are capitalised in the current year using the effective interest rate method at a rate of 7%. Interest amortised in the period amounted to €105,000 (2018: €42,906). The Group repaid the bank loans and outstanding interest in full on 13 September 2019.

21. Commitments and Contingencies

(a) Capital commitments

At the year end the Group had no capital commitments.

(b) Contingent liabilities

At the year end the Group had no contingent liabilities.

(c) Lease commitments

The Group has total future minimum lease payments under non-cancellable operating lease commitments as follows:

At 30 June 2019	Land and buildings €	Software licences €	Total €
Due within one year	1,112,257	414,333	1,526,590
Due within two to five years	3,960,640	–	3,960,640
Due after five years	3,898,280	–	3,898,280
	8,971,177	**414,333**	**9,385,510**

At 30 June 2018	Land and buildings €	Software licences €	Total €
Due within one year	801,577	759,311	1,560,888
Due within two to five years	2,662,887	414,333	3,077,220
Due after five years	400,000	–	400,000
	3,864,464	**1,173,644**	**5,038,108**

Notes to the Consolidated Financial Statements (continued)

22. Lease Liabilities

	2019 €	2018 €
Group		
Current lease liabilities	1,082,495	1,094,844
Non-current lease liabilities	5,938,691	3,166,219
	7,021,186	**4,261,063**

The Group's total lease liabilities over the years are as follows:

	2019 €	2018 €
Opening liability	(4,261,063)	(3,498,626)
Additions for the year	(4,106,863)	(2,371,754)
Interest for the year	(263,277)	(387,211)
Operating lease expense for the year	1,610,017	1,996,528
Closing lease liability	**(7,021,186)**	**(4,261,063)**
Short-term lease expenses in the statement of comprehensive income	–	–

The Group's leases include rental of office spaces for business use and right of use licences. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental repayments. The operating lease terms range from two to 15 years depending on the term set in the contract. The effective interest rate charged during the financial year is 7% (2018: 7%) per annum which reflects the borrowing rate on the loan drawn by the Group in FY17.

Right of use asset of office rentals is classified as "property, plant and equipment", while right-of-use asset of licences is classified as "intangible assets". The movement of the carrying amount of the right-of-use assets of the Group at the start and end of each reporting period is disclosed in Notes 11 and 12.

23. Controlling Party

Michael Kelly is the ultimate controlling party of the FINEOS Group.

24. Pension Commitments

The Group operates a defined contribution pension scheme. Pension benefits are funded over the employee's period of service by way of contributions to an insured fund. The Group's contributions are charged to the statement of comprehensive income in the year to which they relate and amounted to €2,285,974 (2018: €2,078,761). An amount of €300,847 was payable at the year end (2018: €253,667).

25. Financial Instruments

(i) Liquidity risk

Liquidity risk refers to the risk that the Group encounters difficulties in meeting its short-term obligations. Liquidity risk is managed by matching the payment and receipt cycle. The following table details the Group's remaining contractual maturity for its liabilities. The table has been drawn up based on contractual undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive or (pay). The table includes both interest and principal cash flows.

30 June 2019 Group	Total €	Within 1 year €	Between 1 to 5 years €	Over 5 years €
Financial liabilities	21,219,211	21,219,211	–	–
Finance lease	7,021,186	1,082,495	5,938,691	–
Research and development tax credit	8,219,730	1,344,922	4,240,214	2,634,594
Bank loan	15,000,000	–	15,000,000	–
	51,460,127	**23,646,628**	**25,178,905**	**2,634,594**

30 June 2018 Group	Total €	Within 1 year €	Between 1 to 5 years €	Over 5 years €
Financial liabilities	17,169,890	17,169,890	–	–
Finance lease	4,261,063	1,094,844	3,166,219	–
Research and development tax credit	7,191,370	915,917	4,079,577	2,195,876
Bank loan	15,000,000	–	15,000,000	–
	43,622,323	**19,180,651**	**22,245,796**	**2,195,876**

Fair values

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial instruments whose carrying amounts approximate fair value

Management has determined that the carrying amounts of cash and bank balances, trade and other receivables and trade and other payables reasonably approximate their fair values because these are mostly short-term in nature. The fair values of other classes of financial assets and liabilities are disclosed in their respective notes to these financial statements.

The analysis of the carrying amounts of the financial instruments of the Group required under IFRS 9 Financial Instruments is as follows:

Financial assets that are debt instruments measured at amortised cost	Group 2019 €	Group 2018 €
Trade receivables	7,400,917	11,407,051
Cash and cash equivalents	6,903,010	10,093,382
Financial liabilities at amortised cost		
Trade payables	1,868,820	1,375,191
Long-term loan	15,000,000	15,000,000
Lease liabilities	7,021,186	4,261,063
Amounts due to ultimate parent undertaking	–	–

The main risks arising from the Group's financial instruments are credit risk, market risk, foreign currency risk, interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

(ii) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

The Group's exposure to credit risk is mainly influenced by the individual characteristics of each customer. The Group had established credit limits for each customer under which these customers are analysed for credit worthiness before the Group's standard payment, and delivery terms are offered. Most of the customers have been with the Group for many years and losses have occurred infrequently. In most cases, the Group does not require collateral in respect of trade and other receivables. The Group monitors their balances regularly.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group always recognises lifetime Expected Credit Losses ("ECL") for trade receivables. The ECL on these financial assets are estimated using a provision matrix as shown below, based on the Group's historical credit loss experience, adjusted for factors that are specific to the receivables, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Expected credit losses analysis:

At 30 June 2019	Current	1 month	2 months	3 months	4+ months	Balance
Debtors as at 30 June 2019	5,995,120	1,161,378	231,575	(80,573)	101,893	7,409,393
Expected credit losses %	0%	0%	1%	5%	10%	
Loss allowance	–	–	**2,316**	**(4,029)**	**10,189**	**8,476**

At 30 June 2018	Current	1 month	2 months	3 months	4+ months	Balance
Debtors as at 30 June 2018	9,285,343	1,692,083	196,912	85,913	240,072	11,500,323
Expected credit losses %	0%	0%	1%	5%	10%	
Loss allowance	–	–	**1,969**	**4,296**	**24,007**	**30,272**

(iii) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(a) Foreign currency risk

The Group's foreign currency risk arises from sales and purchases denominated in foreign currencies, primarily the United States dollar and British pound sterling. The Group does not use any foreign currency forward exchange contracts to hedge its exposure however it does, from time to time, enter into foreign currency contracts to manage the day-to-day cash needs across the Group. At the year-end the Group had a number of these contracts in place however no gain or loss arising on the fair value of these FX contracts was recognised at the financial year end as these amounts were not material to the Group. The Group has not recognised any derivatives in the financial statements.

Sensitivity analysis

At 30 June 2019, if the foreign currencies strengthen or weaken 5% against the functional currencies, with all variables held constant, the maximum adjustment to the pre-tax profit/loss of the Group, respectively, for the financial years presented would have been as follows:

	2019 €	2018 €
NZ $	423,850	532,185
AUS $	139,642	182,151
US $	594,836	269,189
CAN $	169,310	234,603
GBP £	116,375	140,160
PLN	(72,670)	(62,382)
	1,371,342	**1,295,907**

5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible changes in foreign exchange rate.

(b) Interest rate risk

There are no variables rate instruments. The long-term debt in place is at a fixed interest rate. The Group does not account for any fixed rate financial liabilities at FVTPL, therefore a change in interest rates at the reporting date would not affect profit or loss.

Fixed rate instruments – nominal amount	2019 €	2018 €
Financial liabilities	15,000,000	15,000,000

Notes to the Consolidated Financial Statements (continued)

26. Related Party Transactions

FINEOS Corporation Limited (Ireland) is party to a lease arrangement with Jacquel Properties Limited, a Company controlled by Michael Kelly. Its term extends until 13 June 2029 with no express options for renewal in favour of either party. The lease provides for a rent review on 13 June 2024 at market rates. Rent payable by FINEOS is currently €780,000 per annum (excluding taxes). The rental expense for the year was €418,720 (2018: €400,000). The total rent due to Jacquel Properties Limited at 30 June 2019 was €Nil (2018: €Nil).

Consulting fees invoiced by Non-Executive Directors during the year amounted to €55,000 (2018: €55,000).

In common with other companies, which are members of a Group of companies, the financial statements reflect the effect of such membership. The Group is availing of the exemption contained in IAS 24 Related Party Disclosures and is not disclosing its transactions between wholly owned Group companies.

Key management personnel

All Directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Company are considered to be key management personnel. Total remuneration in respect of these individuals is split as follows:

	2019 €	**2018 €**
Wages and salaries	1,082,069	782,736
Employer's PRSI	32,710	31,506
Pension	27,342	26,642
	1,142,121	**840,884**

27. Capital Management Policies and Objectives

Capital management

The Group's and Company's objectives when managing capital are to safeguard the Group's and Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Group consists of debts, which includes the borrowings and equity attributable to owners of the Company, comprising issued capital and reserves.

There were no changes in the Group's and Company's approach to capital management during the year. The Group and Company monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including bank borrowings and excluding trade and other payables, provisions for income tax and deferred tax liabilities as shown in the statement of financial position) less cash. Total capital is calculated as total equity as shown in the statement of financial position, plus net debts.

The gearing ratio of the Group at 30 June 2019 was as follows:

	Group 2019 €	**Group 2018 €**
Total borrowings	15,000,000	15,000,000
Less: cash and cash equivalents	(6,903,010)	(10,093,382)
Net debt	8,096,990	4,906,618
Total equity	**22,609,288**	**23,585,854**
Total capital	**30,706,278**	**28,492,472**
Gearing ratio	**35.81%**	**20.80%**

28. Events Subsequent to the Year End

On 16 August 2019 the Company completed an initial public offering in Australia, resulting in raising of AUS $99,950,302. In preparation for this the Company's share capital was restructured as outlined in Note 17.

The Group repaid the bank loans per Note 20 and outstanding interest in full on 13 September 2019.

29. Approval of Consolidated Financial Statements

The consolidated financial statements and Company statement of financial position in respect of the year ended 30 June 2019 were approved and authorised for issue by the Directors on 23 September 2019.

Additional Security Holder Information

Information required by ASX Listing Rules and not disclosed elsewhere in this document is set out below. Information is correct as at 20 September 2019, unless otherwise indicated.

(1) There are 264,381,711 CHESS Depositary Interests (CDIs) on issue.

(2) The number of securities held by substantial shareholders are set out below:

	Balance as at 22-09-2019	%
JACQUEL INVESTMENTS LIMITED	162,333,430	61.4%

(3) FINEOS has issued the following securities:

(a) 264,381,711 CDIs held by 498 CDI holders;

(b) 20,440,640 unquoted options held by 52 option holders.

(4) Voting Rights:

Since CDN is the legal holder of applicable shares but the holders of CDIs are not themselves the legal holder of their applicable shares, the holders of CDIs do not have any directly enforceable right to vote under the FINEOS constitution.

In order to vote at general meetings, CDI holders have the following options:

(a) instructing CDN, as the legal owner of the underlying shares, to vote the shares underlying their CDIs in a particular manner;

(b) informing FINEOS that they wish to nominate themselves or another person to be appointed as CDN's proxy with respect to the shares underlying their CDIs for the purposes of attending and voting at the general meeting; or

(c) converting their CDIs into a holding of shares and voting these at the meeting (however, if thereafter the former CDI holder wishes to sell their investment on ASX it would be necessary to convert the shares back to CDIs).

Option holders are not afforded any voting rights by the options held by them.

(5) Distribution of Security Holders

Distribution spread of Security Holdings as at 20-09-2019

Holdings Ranges	Holders	Total Units	%
1-1,000	85	45,559	0.02
1,001-5,000	174	537,787	0.20
5,001-10,000	119	875,934	0.33
10,001-100,000	101	3,086,360	1.17
100,001-9,999,999,999	22	259,836,071	98.28
Totals	**501**	**264,381,711**	**100.00**

(6) Unmarketable Parcels of Shares

Unmarketable Parcels (UMP) as at 23-09-19 (based on a share price of $3.10)

Total Securities/Issued Capital	UMP Securities	UMP Holders	UMP Percent
94,039,241	188	5	0.0002

(7) Top Twenty Security Holders

	Balance as at 22-09-2019	%
JACQUEL INVESTMENTS LIMITED	162,333,430	61.4%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	23,430,164	8.9%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	16,603,043	6.3%
CITICORP NOMINEES PTY LIMITED	13,001,561	4.9%
NATIONAL NOMINEES LIMITED	11,999,187	4.5%
CARMEN INVESTMENTS LIMITED	8,009,040	3.0%
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	6,868,505	2.6%
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	5,526,409	2.1%
UBS NOMINEES PTY LTD	5,219,033	2.0%
BNP PARIBAS NOMS PTY LTD <DRP>	2,570,149	1.0%
MIRRABOOKA INVESTMENTS LIMITED	800,000	0.3%
TRUEBELL CAPITAL PTY LTD <TRUEBELL INVESTMENT FUND>	700,000	0.3%
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	541,425	0.2%
BNP PARIBAS NOMS (NZ) LTD <DRP>	446,869	0.2%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	374,475	0.1%
TELUNAPA PTY LTD <TELUNAPA CAPITAL A/C>	350,000	0.1%
MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LTD <NO 1 ACCOUNT>	227,109	0.1%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	203,744	0.1%
MR PHILIP HENRY SMALL	180,000	0.1%
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	161,761	0.1%
Total Securities of Top 20 Holdings	**259,545,904**	**98.2%**
Total of Securities	**264,381,711**	

(8) FINEOS' securities are listed on the ASX and are not listed on any other securities exchange.

(9) Securities subject to Voluntary Escrow

The following securities are subject to voluntary escrow:

(a) 162,333,430 securities on escrow on behalf of Jacquel Investments Limited; and

(b) 8,009,040 securities on escrow on behalf of Carmen Investments Limited

until FINEOS releases its financial results for FY20 to the ASX; of which

(c) 81,166,715 securities on escrow on behalf of Jacquel Investments Limited; and

(d) 4,004,520 securities on escrow on behalf of Carmen Investments Limited,

are further subject to voluntary escrow until FINEOS releases its financial results for FY21 to the ASX.

(10) During the period between 16 August 2019 and the date of this Annual Report, the Company has used its cash and assets readily convertible to cash that it had at the time of ASX admission in a way consistent with its business objectives set out in the prospectus dated 26 July 2019.

(11) FINEOS is incorporated in Dublin, Ireland.

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Company Information

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Michael Kelly
Peter Le Beau
Tom Wall
Gilles Biscay
Martin Fahy

Company Secretary – Joint

Tom Wall

Company Secretary – Joint

Vanessa Chidrawi

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