FINEOS CORPORATION HOLDINGS PLC
APPENDIX 4D
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2020

1. COMPANY DETAILS

Name of Entity

FINEOS Corporation Holdings Plc

ABN or equivalent reference	Financial period ended (reporting period)	Financial period ended (previous corresponding period)
633 278 430	**31 December 2020**	**31 December 2019**

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET (NOTE: ALL AMOUNTS IN EURO)

	Up/(down)	**% change**	**31 December 2020 €**	**31 December 2019 €**
Revenue from ordinary activities	12,149,261	30.0%	52,575,947	40,426,686
(Loss) / profit from ordinary activities after tax attributable to members	(5,197,215)	(4606.9%)	(5,084,401)	112,814
Net (loss) / profit attributable to members	(8,129,101)	(4136.1%)	(7,932,562)	196,539

The key performance indicators for the six-month period to 31 December 2020 are as follows:

- Revenue of €52.6 million, an increase of 30% compared to the €40.4 million for the six-month period ended 31 December 2019
- Employee retention rates continued at over 90%
- A loss before tax of €5.3 million compared to a profit before tax of €0.7 million for the prior comparative period
- Basic loss per share of 2.71 euro cents for the period compared to a basic earnings per share of 0.08 euro cents for the six-month period ended 31 December 2019.

Refer to the 'Principal Activities and Review of Development and Performance of the Business during the Financial Period' section of the Directors' Report accompanying this Appendix 4D for further commentary.

3. DIVIDEND

The Company has not declared, and does not propose to pay, any dividends for the period ended 31 December 2020 (31 December 2019: Nil). There are no dividend or dividend reinvestment plans in operation.

4. NET TANGIBLE ASSETS PER SECURITY

	31 December 2020 €	**31 December 2019 €**
Net tangible assets per security	0.07	0.13

Net tangible assets are defined as the net assets of FINEOS Corporation Holdings plc less intangible assets.

5. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

FINEOS Corporation Holdings plc gained control of Limelight Health, Inc. on 14 August 2020.

There are no entities over which control has been lost during the period.

6. ASSOCIATES AND JOINT VENTURE ENTITIES

There are no associate or joint venture entities.

7. ATTACHMENTS AND FOREIGN ENTITY ACCOUNTING STANDARDS

This Appendix 4D should be read in conjunction with the Condensed Interim Financial Report of FINEOS Corporation Holdings plc for the six-month period ended 31 December 2020, attached to this report.

This report is based on the condensed consolidated interim financial statements and notes of FINEOS Corporation Holdings plc as reviewed by Mazars. These condensed consolidated interim financial statements are measured and recognised in accordance with International Financial Reporting Standards, as adopted by the European Union.

On behalf of the Board

DocuSigned by:
Michael Kelly
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Michael Kelly
Director

DocuSigned by:
Tom Wall
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Tom Wall
Director

23 February 2021

FINEOS Corporation Holdings Plc

Condensed Interim Financial Report

For the six-month period ended

31 December 2020

FINEOS CORPORATION HOLDINGS PLC

CONDENSED INTERIM FINANCIAL REPORT
for the six-month period ended 31 December 2020

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DIRECTORS' REPORT
for the six-month period ended 31 December 2020

The Directors present herewith their report and condensed consolidated interim financial statements for the six-month period ended 31 December 2020. These condensed consolidated interim financial statements reflect the performance of FINEOS Corporation Holdings plc ("the Company") and subsidiaries (collectively "FINEOS", or "the Group") for the six-month period ended 31 December 2020.

1. DIRECTORS AND SECRETARY

The Directors of the Company at any time during, or since the end of, the period are as follows. Directors were in office for the whole of the period unless otherwise stated.

Chairman	**Date of appointment**
Anne O'Driscoll	25 July 2019
Chief Executive Officer	
Michael Kelly	12 December 2018
Other Directors	
Gilles Biscay	25 June 2019
Martin Fahy	25 July 2019
David Hollander	15 October 2019
Peter Le Beau	Resigned 4 November 2020
Tom Wall	25 June 2019

Tom Wall and Vanessa Chidrawi served as Joint Company Secretary for the period.

2. PRINCIPAL ACTIVITIES AND REVIEW OF THE DEVELOPMENT AND PERFORMANCE OF THE BUSINESS DURING THE FINANCIAL PERIOD

The principal activity of the Group is the development and sale of software. FINEOS is a global software group providing modern customer-centric core software to Employee Benefits providers and Life, Accident and Health insurers.

The Group helps its customers move on from outdated legacy administration systems to the FINEOS modern purpose built, customer-centric core product-suite, FINEOS AdminSuite for New Business, Billing, Claims, Absence and Policy Administration, enabling improved operational efficiency, increased effectiveness and excellent customer care.

FINEOS AdminSuite is designed to manage the modern complex structures and relationships of group and individual insurance processing to optimise plan, coverage and data management, operational processing, and business intelligence.

2. PRINCIPAL ACTIVITIES AND REVIEW OF THE DEVELOPMENT AND PERFORMANCE OF THE BUSINESS DURING THE FINANCIAL PERIOD (continued)

Business summary and key performance indicators

The key performance indicators for the six-month period to 31 December 2020 are as follows:

- Revenue of €52.6 million, an increase of 30% compared to the €40.4 million for the six-month period ended 31 December 2019
- Employee retention rates continued at over 90%
- A loss before tax of €5.3 million compared to a profit before tax of €0.7 million for the prior comparative period
- Basic loss per share of 2.71 euro cents for the period compared to a basic earnings per share of 0.08 euro cents for the six-month period ended 31 December 2019.

Achieving revenue growth of 30% compared with the prior comparative period demonstrates the resilience of the business whilst several clients and potential clients faced reduced funding for systems investment in the context of the social and economic challenges generated by COVID-19.

During calendar 2020, FINEOS completed eight new installations and seven major upgrades of the FINEOS Platform, with most of these in the latter half of the year. Many of the Group's clients (primarily in the USA, Canada, Australia and New Zealand) are actively engaged in brand-new installations, version upgrades and platform migrations demonstrating the value of the significant R&D investment made over the past five years and are modernising their core systems in support of their digital transformation.

The condensed consolidated interim financial statements are presented in Euro which is the functional currency of the Group. Euro based currency volatility continued during the six-month period ended 31 December 2020 in relation to the US Dollar, British Pound, Australian Dollar, New Zealand Dollar, Polish Zloty and Canadian Dollar, resulting in a foreign exchange gain of €0.3 million for the Group in the period (six-month period to 31 December 2019: €1.0 million). 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.

Travel restrictions and localised lock-downs due to COVID-19 is reflected in a continued low level of travel, accommodation and events expense in the period relative to the same period last year.

The condensed consolidated statement of comprehensive income for the six-month period ended 31 December 2020 and the condensed consolidated statement of financial position at that date are set out on pages 6 and 7. The consolidated loss on ordinary activities for the period, before tax, amounted to €5.3 million, compared to a profit before tax of €0.7 million for the six-month period ended 31 December 2019. After adding back a taxation credit of €0.2 million (six-month period ended 31 December 2019: deducting a taxation charge of €0.6 million), a loss of €5.1 million (six-month period ended 31 December 2019: profit of €0.1 million) has been debited at 31 December 2020 (six-month period ended 31 December 2019: credited) to reserves.

2. PRINCIPAL ACTIVITIES AND REVIEW OF THE DEVELOPMENT AND PERFORMANCE OF THE BUSINESS DURING THE FINANCIAL PERIOD (continued)

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.

The Group's growth strategy is to increase its market share by leveraging its comprehensive FINEOS Platform and the strong reputation of the FINEOS Claims product. The Group plans to drive up-sell and cross-sell opportunities with its existing clients and attract new clients in both existing and new geographic markets.

3. CHANGES IN THE STATE OF AFFAIRS

The cash reserves closed at €30.7 million at 31 December 2020 compared to €39.8 million as at 30 June 2020. The Group has no external debt.

On 14 August 2020, FINEOS acquired Limelight Health, Inc. ('Limelight'), a leading US-based provider of end-to-end quoting, rating and underwriting Software-as-a-Service ('SaaS') that streamlines critical front office workflows for life, accident and health insurance carriers. The net cash outflow for the acquisition of US$66.5 million (€56.2 million) together with the issue of equity instruments in the amount of US$8.3 million (€7.1 million) equates to US$74.8 million (€63.3 million).

FINEOS undertook an equity raising on 11 August 2020 to provide funding towards the acquisition. FINEOS successfully completed a fully underwritten institutional placement, raising approximately AU$85 million through the issue of 19,953,052 new fully paid CHESS Depositary Interests over FCL shares ('CDIs'). The placement was undertaken at an offer price of AU$4.26 per new CDI.

FINEOS also undertook a non-underwritten Security Purchase Plan ('SPP') raising approximately AU$8 million through the issue of 1,877,520 new fully paid CDIs, at an offer price of AU$4.26 per new CDI, which completed on 14 September 2020.

Costs of the capital raise and fees and expenses related to the Limelight acquisition amounted to €2.7 million.

The decrease in cash in the period also includes increased spend on R&D to support both installations and ongoing product development.

Equity increased by €56.6 million to €139.8 million from €83.2 million during the period. The net proceeds from the new share capital were offset by the loss for the period of €5.1 million and a charge of €2.8 million against the foreign exchange reserve primarily due to the exchange differences arising on the translation of the Limelight operation.

3. CHANGES IN THE STATE OF AFFAIRS (continued)

Apart from the decrease in cash reserves noted above, other key movements in assets contributing to a growth in total assets of €46.8 million to €171.1 million were:

- €62.1 million of intangible assets relating to Limelight (see note 7 for components)
- €11.8 million of internal development expenditure
- A decrease of €8.0 million in trade and other receivables.

Total liabilities decreased by €9.9 million to €31.3 million from €41.2 million during the period with the significant movements being:

- A decrease of €8.0 million in trade and other payables (mainly deferred revenue)
- A decrease of €1.1 million in non-current lease liabilities.

4. EVENTS SUBSEQUENT TO THE PERIOD END

There are no events subsequent to the period end that would require disclosure in or adjustment to the condensed consolidated interim financial statements.

5. LIKELY DEVELOPMENTS AND OUTLOOK

COVID-19 has not substantially impacted the operations of the Group and its core operations. The Group's pipeline remains strong but the timing of new deals closing continues to push out due to the impact on insurance carriers from the economic uncertainty associated with COVID-19 around the world. The Group has not noted an impact in terms of the re-phasing of payments by customers. At present, the Group continues to operate effectively with business as usual, focussed on delivering on existing client engagements, all whilst the majority of the Group's employees continue to work remotely.

Management believes the Group has sufficient cash to absorb the effects of COVID-19 even if the related restrictions remain in force for an extended period of time.

The Directors do not consider that the impact is likely to compromise the ability of the Group to continue operating for the foreseeable future.

On behalf of the Board

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Michael Kelly	**Tom Wall**
Director	**Director**

23 February 2021

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the six-month period ended 31 December 2020

	Note	For the six-month period ended 31 December 2020 €	For the six-month period ended 31 December 2019 €
Revenue	3	52,575,947	40,426,686
Cost of sales		(18,733,218)	(12,239,821)
Gross profit		33,842,729	28,186,865
Product development and delivery		(19,477,291)	(13,968,784)
Sales and marketing		(2,724,039)	(2,071,153)
General and administration		(9,146,370)	(5,195,684)
Amortisation	7	(7,164,324)	(4,758,921)
Depreciation	8	(1,016,745)	(901,031)
Initial public offering costs		-	(688,563)
Other income	5	670,829	593,870
Operating (loss) / profit		(5,015,211)	1,196,599
Finance income		1,650	17,505
Finance costs		(273,540)	(504,685)
(Loss) / profit on ordinary activities before taxation		(5,287,101)	709,419
Income tax		202,700	(596,605)
(Loss) / profit for the financial period		(5,084,401)	112,814
Other comprehensive (loss) / income for the period:			
Foreign exchange differences on translation of operations of foreign subsidiaries and branches		(2,848,161)	83,725
Total comprehensive (loss) / profit for the period attributable to the equity holders of the parent		(7,932,562)	196,539

All results relate to continuing operations. The notes on pages 11 to 25 are an integral part of these condensed consolidated interim financial statements.

FINEOS CORPORATION HOLDINGS PLC

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2020

	Note	As at 31 December 2020 €	As at 30 June 2020 €
ASSETS			
Non-current assets			
Intangible assets	7	117,787,362	53,356,909
Property, plant and equipment	8	6,647,922	7,234,637
		124,435,284	60,591,546
Current assets			
Trade and other receivables	9	15,949,824	23,936,154
Cash and cash equivalents		30,737,039	39,831,380
		46,686,863	63,767,534
Total Assets		171,122,147	124,359,080
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	10	20,439,730	28,482,204
Non-current liabilities			
Long-term liabilities	10	10,808,447	12,206,975
Provisions		101,601	488,045
Total liabilities		31,349,778	41,177,224
Capital and reserves			
Called up share capital presented as equity	11	301,633	272,030
Share premium	11	124,208,643	59,903,254
Foreign exchange reserve		(3,114,423)	(266,262)
Other undenominated capital		1	1
Share option reserve		2,852,171	2,664,088
Reorganisation reserve		11,123,985	11,123,985
Retained earnings		4,400,359	9,484,760
Total equity		139,772,369	83,181,856
TOTAL LIABILITIES AND EQUITY		171,122,147	124,359,080

The notes on pages 11 to 25 are an integral part of these condensed consolidated interim financial statements.

On behalf of the Board

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Michael Kelly
Director

Tom Wall
Director

23 February 2021

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six-month period ended 31 December 2020

	Called up share capital presented as equity €	Share premium €	Foreign exchange reserves arising on translation €	Other undenominated capital €	Share option reserve €	Reorganisation reserve €	Retained earnings €	Total €
At 30 June 2020	272,030	59,903,254	(266,262)	1	2,664,088	11,123,985	9,484,760	83,181,856
Loss for the period	-	-	-	-	-	-	(5,084,401)	(5,084,401)
Other comprehensive loss for the period	-	-	(2,848,161)	-	-	-	-	(2,848,161)
Total comprehensive loss for the period	-	-	(2,848,161)	-	-	-	(5,084,401)	(7,932,562)
Issue of share capital	29,603	63,328,526	-	-	-	-	-	63,358,129
Reserves transfer from share options exercised		976,863			(976,863)			-
Share-based payment charge	-	-	-	-	1,187,207	-	-	1,187,207
Translation adjustment	-	-	-	-	(22,261)	-	-	(22,261)
At 31 December 2020	301,633	124,208,643	(3,114,423)	1	2,852,171	11,123,985	4,400,359	139,772,369

All amounts are attributable to the equity holders of the Group. The notes on pages 11 to 25 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six-month period ended 31 December 2020

	Called up share capital presented as equity €	Share premium €	Foreign exchange reserves arising on translation €	Other undenominated capital €	Share option reserve €	Reorganisation reserve €	Retained earnings €	Total €
At 30 June 2019	224,402	-	(213,069)	1	1,762,026	11,123,985	9,711,943	22,609,288
Profit for the period	-	-	-	-	-	-	112,814	112,814
Other comprehensive income for the period	-	-	83,725	-	-	-	-	83,725
Total comprehensive income for the period	-	-	83,725	-	-	-	112,814	196,539
Issue of share capital	39,980	57,146,382	-	-	-	-	-	57,186,362
Share-based payment charge	-	-	-	-	1,543,108	-	-	1,543,108
At 31 December 2019	264,382	57,146,382	(129,344)	1	3,305,134	11,123,985	9,824,757	81,535,297

All amounts are attributable to the equity holders of the Group. The notes on pages 11 to 25 are an integral part of these condensed consolidated interim financial statements.

FINEOS CORPORATION HOLDINGS PLC

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six-month period ended 31 December 2020

	For the six-month period ended 31 December 2020 €	For the six-month period ended 31 December 2019 €
Cash flows from operating activities		
Group (loss) / profit after tax	(5,084,401)	112,814
Adjusted for:		
Income tax (credit) / expense	(202,700)	596,605
Finance costs	273,540	504,685
Finance income	(1,650)	(17,505)
Other income	(670,829)	(593,870)
Depreciation	1,016,745	901,031
Amortisation	7,164,324	4,758,921
Loss on disposals	15,214	-
Lease expense	(1,316,191)	(1,069,946)
Movement in trade and other receivables	10,935,183	(3,302,064)
Movement in trade and other payables	(9,102,695)	(6,290,084)
Net tax paid	(726,102)	(284,846)
Effect of movement in exchange rates	(468,871)	58,363
Initial public offering costs	-	688,563
Costs of shares allotted to non-executive Directors	-	24,510
Share-based payment expense	1,187,207	1,543,108
Net cash flows generated from / (used in) operating activities	3,018,774	(2,369,715)
Cash flows from investing activities		
Finance income	1,650	17,505
Grant income received	78,383	-
Payment for acquisition of subsidiary (net of cash acquired)	(56,224,930)	-
Payment for property, plant and equipment	(321,877)	(541,132)
Payment for intangible assets	(11,812,788)	(7,907,071)
Net cash used in investing activities	(68,279,562)	(8,430,698)
Cash flows from financing activities		
Interest paid	(41,736)	(1,656,092)
Repayment of bank loan	-	(15,000,000)
Proceeds from issue of shares	57,237,613	61,219,548
Share issue costs	(1,029,430)	(5,953,786)
Net cash generated from financing activities	56,166,447	38,609,670
Net (decrease) / increase in cash and cash equivalents	(9,094,341)	27,809,257
Cash and cash equivalents at the beginning of the period	39,831,380	6,903,010
Cash and cash equivalents at the end of the period	30,737,039	34,712,267

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the six-month period ended 31 December 2020

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 Company and its subsidiaries ("the Group") is a leading provider of core systems for life, accident and health insurers globally. The FINEOS Platform provides clients the only complete end-to-end SaaS core product suite that includes FINEOS AdminSuite enabling quote to claim administration as well as add-on products, FINEOS Engage to support digital engagement and FINEOS Insight for analytics and reporting.

Foreign operations are included in accordance with the accounting policies set out in Note 2 to the Annual Report for the year ended 30 June 2020.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These condensed consolidated interim financial statements are non-statutory general-purpose financial statements for the six-month period ended 31 December 2020. These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union, and the Companies Act 2014. They do not include all of the information required in annual consolidated financial statements in accordance with IFRS as adopted by the European Union. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements for the year ended 30 June 2020.

The condensed consolidated interim financial statements for the six-month period ended 31 December 2020 should be read in conjunction with the consolidated financial statements for the year ended 30 June 2020, which form part of the Group's Annual Report for the year ended 30 June 2020, and any public announcements made by FINEOS Corporation Holdings plc during the interim reporting period in accordance with the continuous disclosure obligations of the ASX listing Rules.

Historical cost, presentation currency and going concern
The condensed consolidated interim financial statements have been prepared on the historical cost basis, other than where described below. The condensed consolidated interim financial statements of the Group are presented in Euro ("€") which is also the functional currency of the Company.

Management have prepared projections and forecasts for the Group. These include consideration of revenue growth, funding and finance facilities in place, and cash reserves held. On this basis, the Directors consider that it is appropriate to prepare the condensed consolidated interim financial statements on the going concern assumption.

Accounting policies
The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements for the year ended 30 June 2020 except for the implementation of a new accounting policy in respect of business combinations, detailed here, and the adoption of new standards, interpretations and standard amendments effective as of 1 July 2020.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Business Combinations

The Group applies the acquisition method in accounting for business combinations. The cost of an acquisition is measured as the aggregate of the consideration transferred (excluding amounts relating to the settlement of pre-existing relationships), the amount of any non-controlling interest in the acquiree and, in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree. Transaction costs that the Group incurs in connection with a business combination are expensed as incurred.

The assets and liabilities arising on business combination activity are measured at their acquisition-date fair values. Contingent liabilities assumed in business combination activity are recognised as of the acquisition date, where such contingent liabilities are present obligations arising from past events and their fair value can be measured reliably.

When the initial accounting for a business combination is determined provisionally, any adjustments to the provisional values allocated to the consideration, identifiable assets or liabilities (and contingent liabilities, if relevant) are made within the measurement period, a period of no more than one year from the acquisition date.

Goodwill arising on business combinations

Goodwill arising on a business combination is initially measured at cost, being the excess of the cost of the acquisition over the fair value of the net identifiable assets and liabilities assumed at the date of acquisition. It relates to the future economic benefits arising from assets which are not capable of being individually identified and separately recognised. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Intangible assets (other than goodwill) arising on business combinations

Intangible assets are capitalised separately from goodwill as part of a business combination at cost (fair value at date of acquisition). Subsequent to initial recognition these intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

These definite-lived intangible assets are amortised on a straight-line basis over periods ranging from seven to twenty years, depending on the nature of the intangible asset. The amortisation expense is disclosed separately on the face of the condensed consolidated statement of comprehensive income.

New standards and interpretation

The following new standards, interpretations and standard amendments became effective for the Group as of 1 July 2020:

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 Business Combinations – Definition of a business
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of material
- Amendments to IFRS 9 Financial instruments, IAS 39 Financial instruments: Recognition and measurement and IFRS 7 Financial instruments: Disclosures – Interest Rate Benchmark Reform
- Amendments to IFRS 16 Leases – COVID-19-related rent concessions.

The standard amendments did not result in a material impact on the Group's results.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

IFRS and IFRIC interpretations being adopted in subsequent years
There are no IFRS or IFRIC interpretations that are effective subsequent to the financial period end that would have a material impact on the results or financial position of the Group.

Significant judgements, estimates and assumptions
The same significant judgements, estimates, and assumptions included in the notes to the financial statements in the Group's consolidated financial statements for the year ended 30 June 2020 have been applied to these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 23 February 2021.

3. REVENUE

	6 months ended 31 December 2020	2019
	€	€
Amount of revenue by class of activity:		
Professional services	33,437,479	27,123,970
Annual subscriptions	17,902,946	11,817,804
Initial product licence fees	1,235,522	1,484,912
	52,575,947	40,426,686
Amount of revenue by market:		
North America	37,153,307	22,164,104
APAC	12,586,283	15,626,918
EMEA	2,836,357	2,635,664
	52,575,947	40,426,686

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.

For further information pertaining to our revenue classifications and respective accounting treatment please see pages 49 to 50 of the Group Annual Report for the year ended 30 June 2020.

Contract assets and contract liabilities

Contract assets
Contract assets in the amount of €2,198,534 (30 June 2020: €639,097) are included in the figure for trade and unbilled receivables within Note 9.

3. REVENUE (continued)

Contract liabilities
Contract liabilities are disclosed separately as deferred revenue in Trade and other payables and at the interim reporting date amounted to €8,968,133 (30 June 2020: €14,201,684) (Note 10). 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 have been completed to date and to which the Group has a right to invoice.

4. EMPLOYEE COSTS

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

	6 months ended 31 December	
	2020	**2019**
	Number	**Number**
Product development and delivery	910	656
Sales and marketing	37	19
General and administration	53	43
	1,000	718

The staff costs comprise:	**6 months ended 31 December**	
	2020	**2019**
	€	**€**
Wages and salaries	36,159,553	27,164,383
Social welfare costs	3,166,856	2,207,311
Pension costs	1,669,865	1,340,063
Share-based payments	1,187,207	1,543,108
	42,183,481	32,254,865

Staff costs as qualifying development expenditure
The qualifying development expenditure generating an asset as shown in Note 7 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 €9,117,019 (31 December 2019: €6,155,061).

5. OTHER INCOME

	6 months ended 31 December	
	2020	**2019**
	€	**€**
Research and development tax credit	651,720	593,870
Grant and other income	19,109	-
	670,829	593,870

6. EARNINGS PER SHARE

	6 months ended 31 December	
	2020	**2019**
	€	**€**
Basic earnings per share		
(Loss) / profit attributed to ordinary shareholders	(7,932,562)	196,539
Weighted average number of ordinary shares outstanding	292,798,663	254,550,534
Basic (loss) / profit per share (in cents)	(2.71)	0.08

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

Diluted earnings per share		
(Loss) / profit attributed to ordinary shareholders	(7,932,562)	196,539
Weighted average number of ordinary shares outstanding	292,798,663	272,928,591
Diluted (loss) / profit per share (in cents)	(2.71)	0.07

The calculation of diluted earnings per share has been based on the (loss) / profit 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.

7. INTANGIBLE ASSETS

GROUP	Right of use assets €	Development expenditure €	Contract costs €	Computer Software €	Technology €	Customer relationships €	Goodwill €	Total €
Cost								
At 30 June 2020	4,533,218	81,700,092	2,367,741	341,736	-	-	-	88,942,787
Additions	57,727	11,776,936	35,852	-	-	-	-	11,870,515
Arising on acquisition	-	2,456,407	341,136	-	7,156,731	16,304,918	35,863,160	62,122,352
Written off	-	-	(57,773)	-	-		-	(57,773)
Translation adjustment	-	(272,574)	(31,851)	-	(267,117)	(608,561)	(1,338,548)	(2,518,651)
At 31 December 2020	4,590,945	95,660,861	2,655,105	341,736	6,889,614	15,696,357	34,524,612	160,359,230
Amortisation								
At 30 June 2020	3,051,119	31,567,254	655,858	311,647	-	-	-	35,585,878
Charged in period	323,220	5,917,623	227,006	27,461	366,614	302,400	-	7,164,324
Translation adjustment	-	(135,213)	(17,878)	-	(13,833)	(11,410)	-	(178,334)
At 31 December 2020	3,374,339	37,349,664	864,986	339,108	352,781	290,990	-	42,571,868
Net book amounts								
At 31 December 2020	1,216,606	58,311,197	1,790,119	2,628	6,536,833	15,405,367	34,524,612	117,787,362
At 30 June 2020	1,482,099	50,132,838	1,711,883	30,089	-	-	-	53,356,909

7. INTANGIBLE ASSETS (continued)

GROUP	Right of use assets €	Development expenditure €	Contract costs €	Computer software €	Total €
Cost					
At 30 June 2019	2,743,877	64,912,209	1,660,417	341,736	69,658,239
Additions	1,789,341	16,787,883	707,324	-	19,284,548
At 30 June 2020	4,533,218	81,700,092	2,367,741	341,736	88,942,787
Amortisation					
At 30 June 2019	2,371,132	22,744,835	271,833	243,173	25,630,973
Charged in the year	679,987	8,822,419	384,025	68,474	9,954,905
At 30 June 2020	3,051,119	31,567,254	655,858	311,647	35,585,878
Net book amounts					
At 30 June 2020	1,482,099	50,132,838	1,711,883	30,089	53,356,909
At 30 June 2019	372,745	42,167,374	1,388,584	98,563	44,027,266

Development expenditure

In total, research and development costs for the Group amounted to €19,402,797 (31 December 2019: €13,398,812) in the period, out of which €11,776,936 (31 December 2019: €7,574,072) 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 3 and 10 years. The amortisation expense amounts to €5,917,623 for the period (31 December 2019: €4,148,604). No borrowing costs were capitalised within Group development expenditure additions in the period (31 December 2019: €Nil). The amortisation expense relating to previously capitalised borrowing costs is €52,500 for the period (31 December 2019: €52,500).

8. PROPERTY, PLANT AND EQUIPMENT

GROUP	Right of use assets €	Office equipment €	Computer equipment €	Fixtures & fittings €	Total €
Cost					
At 30 June 2020	9,403,441	790,673	3,986,725	1,889,880	16,070,719
Additions	14,990	133	143,029	178,715	336,867
Arising on acquisition	-	-	145,605	4,156	149,761
Disposals	(210,394)	-	(192,839)	(180,255)	(583,488)
Translation adjustment	30,810	711	(15,163)	3,839	20,197
At 31 December 2020	9,238,847	791,517	4,067,357	1,896,335	15,994,056
Depreciation					
At 30 June 2020	3,770,503	656,928	2,740,084	1,668,567	8,836,082
Charged in the period	575,792	29,798	360,404	50,751	1,016,745
Disposals	(160,300)	-	(181,911)	(180,255)	(522,466)
Translation adjustment	19,802	(6,030)	2,770	(769)	15,773
At 31 December 2020	4,205,797	680,696	2,921,347	1,538,294	9,346,134
Net book amounts					
At 31 December 2020	5,033,050	110,821	1,146,010	358,041	6,647,922
At 30 June 2020	5,632,938	133,745	1,246,641	221,313	7,234,637

GROUP	Right of use assets €	Office equipment €	Computer equipment €	Fixtures & fittings €	Total €
Cost					
At 30 June 2019	8,894,069	685,451	2,996,543	1,701,812	14,277,875
Additions	545,734	108,860	1,003,537	191,786	1,849,917
Translation adjustment	(36,362)	(3,638)	(13,355)	(3,718)	(57,073)
At 30 June 2020	9,403,441	790,673	3,986,725	1,889,880	16,070,719
Depreciation					
At 30 June 2019	2,613,940	623,448	2,120,443	1,624,320	6,982,151
Charged in the year	1,177,699	42,374	622,453	49,563	1,892,089
Translation adjustment	(21,136)	(8,894)	(2,812)	(5,316)	(38,158)
At 30 June 2020	3,770,503	656,928	2,740,084	1,668,567	8,836,082
Net book amounts					
At 30 June 2020	5,632,938	133,745	1,246,641	221,313	7,234,637
At 30 June 2019	6,280,129	62,003	876,100	77,492	7,295,724

9. TRADE AND OTHER RECEIVABLES

	31 December 2020 €	30 June 2020 €
GROUP		
Trade and unbilled receivables	8,975,564	18,205,192
Other receivables	769,281	210,380
Prepayments	1,931,224	1,481,820
Research and development tax credits	2,609,202	2,289,342
Value added tax recoverable	823,033	1,130,024
Corporation tax recoverable	346,858	120,888
Deferred tax asset	494,662	498,508
	15,949,824	23,936,154

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 normal terms, which is 30 days. Trade receivables are shown net of a provision for expected credit losses.

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.

10. TRADE AND OTHER PAYABLES

	31 December 2020 €	30 June 2020 €
Current		
Trade payables	969,894	2,504,346
Corporation tax	87,630	407,864
Value added tax payable	46,692	77,396
Employment taxes	2,352,210	2,347,389
Accruals	5,198,466	6,136,009
Deferred revenue	8,968,133	14,201,684
Research and development tax credit	1,287,636	1,282,910
Lease liabilities (Note 12)	1,529,069	1,524,606
	20,439,730	28,482,204

10. TRADE AND OTHER PAYABLES (continued)

	31 December 2020 €	30 June 2020 €
Non-current		
Research and development tax credit	5,618,849	5,955,435
Lease liability (Note 12)	5,189,598	6,251,540
	10,808,447	12,206,975

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.

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 period-end date.

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

11. SHARE CAPITAL AND RESERVES

	31 December 2020 €	30 June 2020 €
Authorised		
Ordinary shares of €0.001 each	4,500,000	4,500,000
Issued share capital presented as equity		
Ordinary shares of €0.001 each	301,633	272,030

11. SHARE CAPITAL AND RESERVES (continued)

The movement in issued share capital during the financial period was as follows:

Issued share capital	No. of shares	Nominal value	Share capital	Share premium	Total
At 30 June 2020	272,029,851	€0.001	272,030	59,903,254	60,175,284
Share issue – equity raise	19,953,052	€0.001	19,953	51,451,527	51,471,480
Share issue – SPP	1,877,520	€0.001	1,878	4,897,982	4,899,860
Share issue – acquisition of Limelight	2,743,315	€0.001	2,743	7,147,203	7,149,946
Share issue – exercise of share options	5,028,821	€0.001	5,029	861,244	866,273
Transaction costs accounted for as a deduction from equity	-		-	(1,029,430)	(1,029,430)
	301,632,559		301,633	123,231,780	123,533,413
Transfer from share option reserve	-		-	976,863	976,863
At 31 December 2020	301,632,559		301,633	124,208,643	124,510,276

FINEOS undertook an equity raising on 11 August 2020 to provide funding towards the acquisition of Limelight. FINEOS successfully completed a fully underwritten institutional placement, raising approximately AU$85 million through the issue of 19,953,052 new fully paid CHESS Depositary Interests over FCL shares ('CDIs'). The placement was undertaken at an offer price of AU$4.26 per new CDI.

FINEOS also undertook a non-underwritten Security Purchase Plan ('SPP') raising approximately AU$8 million through the issue of 1,877,520 new fully paid CDIs, at an offer price of AU$4.26 per new CDI, which completed on 14 September 2020.

On 26 August 2020, 2,743,315 new fully paid CDIs were issued as part consideration for the acquisition price of Limelight Health, Inc. The CDIs were valued at AU$4.2668 per new CDI.

Reconciliation of shares issued to proceeds	6 months to 31 December 2020 €
Shares issued at nominal amount	29,603
Premium arising on shares issued	64,357,956
Total value of shares issued	64,387,559
Shares issued as consideration for Limelight	(7,149,946)
Proceeds from issue of shares	57,237,613

12. LEASE LIABILITIES

	31 December 2020 €	30 June 2020 €
GROUP		
Current lease liabilities	1,529,069	1,524,606
Non-current lease liabilities	5,189,598	6,251,540
	6,718,667	7,776,146

The Group's total lease liability is as follows:

	6 months to 31 December 2020 €	12 months to 30 June 2020 €
Opening liability	7,776,146	7,021,186
Additions for the period	72,716	2,335,075
Modification / disposal for the period	(45,808)	-
Interest for the period	231,804	507,917
Operating lease expense for the period	(1,316,191)	(2,088,032)
Closing lease liability	6,718,667	7,776,146
Short-term lease expenses through income statement	-	-

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 2 to 15 years. The effective interest rate charged during the financial period ranges from 3.2% to 7% (31 December 2019: 3.2% to 7%) per annum. The lower rate of 3.2% reflects the Group's overdraft facility rate and the higher rate reflects the borrowing rate on the loan drawn by the Group in 2017 (since repaid).

The right of use asset of licences is classified as "intangible assets", while the right of use asset of office rentals is classified as "property, plant and equipment". The movement in 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 7 and 8.

13. SHARE-BASED PAYMENT EXPENSE

The total share-based payment expense for the Group's equity incentive schemes charged to general and administration costs in the condensed consolidated statement of comprehensive income is as follows:

	6 months ended 31 December 2020	6 months ended 31 December 2019
	€	€
Share-based payment expense	1,187,207	1,543,108

Details of the schemes operated by the Group are set out on pages 63 and 64 of the Group's Annual Report for the year ended 30 June 2020.

Details of movement and options outstanding under the Group's Equity Incentive Plans
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 the Group during the period. During the period ended 31 December 2020, the Company issued 5,028,821 shares of €0.001 per share on foot of the vesting of share option awards granted under the terms of the 2012 and 2015 Share Options Plans (see Note 11). The weighted average exercise price at the date of exercise for options exercised during the period was €0.17.

	6 months ended 31 December 2020		12 months ended 30 June 2020	
	Number	WAEP	Number	WAEP
Outstanding options (1 July 2020: €0.001 per share; 1 July 2019: €0.01 per share)	17,217,500	0.53	2,044,064	1.83
Resolution to subdivide shares by 10	-		18,396,576	
	17,217,500	0.53	20,440,640	0.18
Options granted	4,529,355	2.47	4,475,000	1.55
Options exercised	(5,028,821)	0.17	(7,648,140)	0.18
Options forfeited	(184,817)	1.99	(50,000)	1.55
Outstanding options at €0.001 per share	16,533,217	1.19	17,217,500	0.53

For the share options not yet exercisable as at 31 December 2020 the weighted average remaining contractual life approximates 2 years (30 June 2020: 2.5 years). 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.

The table on page 65 of the Group's Annual Report for the year ended 30 June 2020 lists the inputs to the model used for the year ended 30 June 2020.

14. BUSINESS COMBINATIONS

On 14 August 2020, the Group acquired 100% of the issued share capital of Limelight Health LLP (Limelight), obtaining control of Limelight. Limelight is a leading insurtech Silicon Valley provider of cloud-based quoting, rating and underwriting software to the life, accident and health insurance carrier market in North America and qualifies as a business as defined in IFRS 3.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	€
ASSETS	
Non-current assets	
Property, plant and equipment	149,761
Identifiable intangible assets	26,259,192
Total non-current assets	26,408,953
Current assets	
Trade and other receivables	2,466,143
Cash and cash equivalents	13,184,041
Total current assets	15,650,184
LIABILITIES	
Trade and other payables	(1,429,039)
Other liabilities	-
Total liabilities	(1,429,039)
Total identifiable assets acquired and liabilities assumed	40,630,098
Goodwill arising on acquisition	35,863,160
Total consideration	76,493,258
Consideration satisfied by:	
Cash payments	69,408,971
Issue of equity instruments (ordinary shares of the Company)	7,149,946
Translation adjustment	(65,659)
Total consideration	76,493,258
Net cash outflow arising on acquisition	
Cash consideration	69,408,971
Less: cash and cash equivalents acquired	(13,184,041)
Total outflow in the Condensed Consolidated Statement of Cash Flows	56,224,930

14. BUSINESS COMBINATIONS (continued)

The gross contractual value of trade and other receivables as at the date of acquisition amounted to €2.5 million. The fair value of these receivables is €2.5 million as the best estimate at acquisition date of the contractual cash flows not to be collected was €Nil.

Goodwill of €35.9 million has been recognised on the acquisition of Limelight as the integration of the new Limelight business product suite gives FINEOS an end-to-end core product suite, from 'quotations to claims management'. The Group also expects to reduce costs through economies of scale. The goodwill is not expected to be deductible for income tax purposes.

The fair value of the 2,743,315 ordinary shares issued as part of the consideration paid for Limelight (€7.01 million) was determined on the basis of a volume weighted average price per CDI on ASX for the twenty consecutive trading days ending with the complete trading day five days prior to the acquisition closing date.

In the four and a half months from 14 August 2020 to 31 December 2020, Limelight contributed revenue of €4.0 million and a loss before tax of €2.2 million to the Group's results. If the acquisition of Limelight had been completed on the first day of the financial period, Group revenues for the financial period would have been €54.4 million and Group loss on ordinary activities before tax for the financial period would have been €5.8 million.

Acquisition-related costs (included in general and administration costs in the condensed consolidated statement of comprehensive income) amounted to €1.7 million.

15. RELATED PARTY TRANSACTIONS

A Group subsidiary, 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 €779,656 per annum (excluding taxes). The rental expense for the period was €389,828 (31 December 2019: €389,826). The total rent due to Jacquel Properties Limited at 31 December 2020 was €Nil (30 June 2020: €Nil).

In common with other companies, which are members of a Group of companies, the condensed consolidated interim financial statements reflect the effect of such membership.

During the period there were no material changes to, or material transactions between, the Company and its key management personnel or members of their close family, other than in respect of remuneration.

16. PRIOR PERIOD COMPARATIVES

Costs have been reclassified in the comparative period ended 31 December 2019 to ensure comparability. The reclassifications have had no impact on operating profit or profit on ordinary activities before tax in the comparative period.

17. EVENTS SUBSEQUENT TO THE PERIOD END

There are no events subsequent to the period end that would require disclosure in or adjustment to the condensed consolidated interim financial statements.

FINEOS CORPORATION HOLDINGS PLC

DIRECTORS' DECLARATION

The Directors of the Company confirm that to the best of their knowledge, the condensed consolidated interim financial statements and accompanying notes for the six-month period ended 31 December 2020, which are set out on pages 2 to 25, have been prepared in accordance with the international accounting standard applicable to interim financial reporting, IAS 34 Interim Financial Reporting, as adopted by the European Union.

On behalf of the Board

DocuSigned by: Michael Kelly	DocuSigned by: Tom Wall
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Michael Kelly	**Tom Wall**
Director	**Director**

23 February 2021

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INDEPENDENT REVIEW REPORT TO

FINEOS CORPORATION HOLDINGS PLC

Introduction

We have been engaged by FINEOS Corporation Holdings plc to review the condensed set of consolidated financial statements in the interim financial report of FINEOS Corporation Holdings plc for the six months ended 31 December 2020, which comprises the condensed consolidated statement of financial position as at 31 December 2020, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the interim period ended on that date, and the related explanatory notes. Our review was conducted having regard to the Financial Reporting Council's ('FRC's') International Standard on Review Engagements ('ISRE') (UK and Ireland) 2410, '*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*'.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of FINEOS Corporation Holdings plc for the six-month period ended 31 December 2020, are not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for ensuring that the condensed consolidated set of financial statements included in this interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed consolidated financial statements based on our review.

Scope

We conducted our review having regard to the Financial Reporting Council's ('FRC's') International Standard on Review Engagements ('ISRE') (UK and Ireland) 2410, '*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*'. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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INDEPENDENT REVIEW REPORT TO

FINEOS CORPORATION HOLDINGS PLC

We read the other information contained in the interim financial report to identify material inconsistencies with the information in the condensed set of consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the review. If we become aware of any apparent material misstatements or inconsistencies we will consider the implications for our report.

The purpose of our review and to whom we owe our responsibilities

This report is made solely to Fineos Corporation Holdings plc in accordance with the terms of our engagement. Our review has been undertaken so that we might state to Fineos Corporation Holdings plc those matters we are required to state to the company in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Fineos Corporation Holdings plc for our review work, for our report, or for the conclusions we have reached.

Mazars

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Dublin 2

23 February 2021