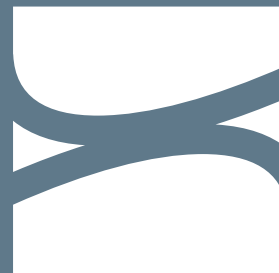


# Annual Report 2023



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# Chairman and CEO's Report

***Dear Securityholder,***

***Welcome to the FINEOS Annual Report for the 12 months ended 30 June 2023 (FY23).***

*As in previous years we would like to thank our people, customers and investors for their continued dedication and support, which has enabled FINEOS to continue to thrive and achieve strategic breakthrough milestones during this financial year. Our people continue to be our greatest asset, and we have an enviable and growing client base who invest in the FINEOS Platform, as well as strongly advocating for FINEOS in the marketplace.*

*In June 2023 FINEOS reached the important milestone of 30 years in business. Our Company was founded to put the customer at the heart of the life insurance industry. We are proud of the positive contribution we have made in supporting our clients in this endeavour, through living our values and remaining true to our core purpose for all these years.*



## **FINEOS Purpose: We help our customers care for the people they serve through the delivery of superior insurance technology.**

The impact of the market environment on our clients during this financial year has been relatively positive. We began to witness recovery from the global pandemic, and we also witnessed rising interest rates as a result of increased inflation in most of the developed world. The impact of higher interest rates is good news for our insurer clients as it means a positive return on their reserves. In addition, our markets continue to experience solid employment rates, which again has been good news for our employee benefit carriers.

This financial year has been another solid year of growth for FINEOS, as we signed three new clients and our existing clients continued to migrate to the FINEOS Platform, to enable excellent digital customer experience, process efficiency and transformation of their business operations.

The ongoing adoption of our platform has once again delivered substantial growth in our product subscription revenues, and for the first time our subscription revenues have surpassed our professional services revenues. We expect this positive trend to continue as we grow our footprint with more new customers, increase sales to existing customers, train system integration partners and as we build out the FINEOS Platform to be the market leading core system for employee benefits.

## **A solid year of exciting break-through growth, while exceeding client expectations**

Through the course of the year, we had many successful client implementations and upgrades. We continued to scale our clients business on the FINEOS Platform, assisting them to migrate away from outdated end-of-life legacy core systems.

Halfway through our financial year we changed our services revenue guidance due to one of our largest US clients entering a strategic product partnership with FINEOS to address the larger employer segment of the US market (i.e., above 100,000 lives). While this is an exciting strategic product partnership, it meant the revenue profile we originally forecasted had to be modified to reflect reduced services revenues in this year in favour of the medium-term additional product subscription revenues, which should positively impact our revenue growth in the future.

In last year's annual report, we mentioned our joint case study with New York Life - Group Benefits Service (NYL-GBS) and how they have used the FINEOS Platform to transform their business enabling the retirement of six legacy core systems. Today – the FINEOS Platform supports their entire \$4.1 billion policy portfolio for their nine million clients. This case study helped to propel FINEOS into serious contention as an end-to-end platform for the group insurance market and for the first time FINEOS was given a leadership position in the group core systems market by noteworthy North American industry analysts. Our case study and analyst market recognition has been further endorsed by our announcement in May of this year of top ten group insurer, Guardian Life, contracting for the FINEOS Platform, incorporating policy administration, billing, claims and absence management.

FINEOS continues to enhance our ability to demonstrate our capabilities within all core functional areas in the North American employee benefits market and this was further verified by our case study with American Public Life (APL) on the successful implementation of the FINEOS Platform for new business and underwriting purposes.

In addition to the above, FINEOS has just recently entered the Direct-to-Employer market for our absence management product, and we have already gained our first employer client.

## **Growing revenue and earnings, with strong growth in subscription revenues**

Total revenue for FY23 was down 1.7% to €125.0 million (compared to FY22). However, and importantly, our higher margin subscription revenue was up 15.9% to €62.4 million. As mentioned earlier, during the year a large FINEOS client switched investment from custom extensions to augmenting our product R&D investment leading to a reduction in our services revenues compared to FY22. However, this will lead to incremental subscription fees from this customer as we progress through FY25 and FY26 and facilitate more efficient upgrades into the future as product enhancements continue.

Many of our clients use resources from major consultancies in systems project management and implementation. Increasingly, we are working to leverage those resources, suitably trained on FINEOS products, rather than engaging large implementation teams ourselves.



EBITDA – earnings before interest, taxes, depreciation and amortisation – was down 70.2% (compared to FY22) to €2.0 million, reflecting increased product development and delivery supporting future subscriptions growth.

Our people headcount (including contractors) marginally reduced during FY23, going from 1,081 on 30 June 2022 to 1,042 on 30 June 2023. Headcount is expected to remain about this level for the duration of FY24. However, we expect continuing change in the mix of skills and geographic locations to meet our business needs and deliver further savings as part of our cost reduction initiatives.

### **Continued investment in the drive for future growth**

Research and development investment was up slightly to €48.5 million, reflecting the hiring of additional engineers to accelerate product to market. We continue to generate a strong return on investment (ROI), with subscription revenue growth the key measure, up 15.9% in FY23.

The FINEOS Platform remains the number one platform for employee benefits in the North American market, measured by revenue, number of clients and quote-to-claim product deployments. In the North American market, where 78.1% of our revenue is now sourced, and subscription revenue grew 18.6% in FY23, we have continued to grow rapidly since listing on ASX in August 2019, reflecting strong execution of our growth strategy.

The Company had a cash balance of €25.5 million on 30 June 2023, and expects to generate free cash flows for the second half of our next financial year (FY24). Meanwhile, in order to fund working capital and to maintain flexibility for timing of cash flows (e.g., upfront investment for new client wins before subscriptions flow), we undertook an institutional placement in August 2023. This raised \$35 million (before costs) with a further \$5 million to be invested by our CEO and Founder, subject to securityholder approval at the AGM later this calendar year. In addition, a Share Purchase Plan for up to \$5 million has been launched to enable eligible retail investors to buy CDIs at the same price as provided in the institutional placement.

### **Our people - our most important asset**

Our people continue to enjoy an engaging and rewarding work environment which is evident in our consistent high retention rates of key talent year on year and where their contribution is appreciated and recognised.

As a 'remote first' organisation we continually focus on embedding DEI in our ways of working and that our employees' health and wellbeing including, mental, physical and emotional needs are supported, whilst ensuring that our leaders and our people are offered learning and development opportunities to expand their skills, knowledge and competencies. We continue to celebrate our successes and different ways of working together and give recognition to employees who go the extra mile to help a client or another employee.

FINEOS recognises the importance of being able to demonstrate our ESG credentials for all our stakeholders. Our people are increasingly engaged in ESG matters with direction being provided by our internal ESG Council. We have considerably expanded our disclosures in this year's ESG report and will continue to enhance our efforts and reporting in this area.

FINEOS is well known for contributing to society and the environment by supporting pro-bono, philanthropic and charitable activities in the places where we work and live.

### **Positive outlook**

The achievements of FY23 in terms of delivering for our clients and our clients achieving growth in their business facilitated by FINEOS technology combined with new client wins provide considerable momentum for FY24 to enable our guidance of low to mid-teen growth in subscription revenues in FY24. This combined with continuing to realise 'cost out' benefits provide the path to generation of positive free cash flows for the second half of FY24 and for FY25 in aggregate.

Our refreshed balance sheet strength following the recent capital issue provides the backing for continued expansion of our platform and our customer base, providing exciting work for our people and the basis for growing returns for our securityholders.

Your sincerely,

**Anne O'Driscoll**  
*Chairman*



**Michael Kelly**  
*Founder and CEO*



# Environmental, Social and Governance Report

## Michael Kelly CEO, Letter for ESG

FINEOS has always focused on helping improve the lives of people by supporting insurers around the world in their mission to provide protection and care to the public. Underpinning the work our teams do at FINEOS is our Playbook. It guides our behaviours and decisions as we engage with customers and partners and helps us to collaborate as one team to do great things together.

Our Environmental, Social and Governance (ESG) strategy has been woven into the FINEOS leadership direction and culture for 30 years guided by our purpose with a commitment from us as a Company toward a more sustainable future, minimising our environmental footprint and delivered by our diverse and engaged workforce.

In this report, we have detailed our ESG journey to date. With more exciting achievements and an outline of our carefully defined goals, we look forward as a Company to making a difference.

Our ESG initiative is in many ways inherent within FINEOS as it aligns with our FINEOS Playbook and overarching approach to doing business. I am delighted how our team has maintained high standards and stepped up to the challenge of serving our customers at a time when insurance protection has been a critical need for people around the globe.



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**Michael Kelly**  
*Founder and CEO*

## FINEOS FY23 ESG Annual Report

This ESG report provides an overview of our key performance indicators (KPIs), highlighting our progress and achievements in our sustainability journey. This presents updates on our structure, including the ESG Council, and looks forward to our future focus as we continue to strengthen our commitment to sustainability.

### FINEOS ESG Council

To uphold strong governance and accountability for our environmental strategy, FINEOS has implemented a comprehensive framework, overseen by our Chief People Officer (CPO) and Chief Financial Officer (CFO). Reporting directly to the Board, our CPO tracks our progress against KPIs at regular intervals throughout the year, ensuring we stay on course to achieve our objectives.

Annually, we provide a performance update on our strategy allowing us to review and refine our actions while holding ourselves accountable to our commitments.

We have established an ESG council that includes key stakeholders from various departments - Finance, Facilities, HR, Security and Compliance, IT and Legal - who work collaboratively to ensure effective implementation.

Through the work of our Council and the dedication of our team, FINEOS remains firmly committed to environmental sustainability, striving to make a positive impact within our organisation and the broader communities we serve.



**Joanne McMullan**  
Chief People Officer



**Ian Lynagh**  
Chief Financial Officer



**Dermot Hughes**  
Group Financial Controller



**Niamh Hewitt**  
Senior HR Business Partner



**Breda Donlon**  
Head of Learning and  
Development



**Paula McGrath**  
Security and Compliance  
Manager



**Paul McGuinness**  
Head of IT Operations



**John McKnight**  
Legal Adviser and Joint  
Company Secretary



**Niall Hannon**  
Head of Information Systems



**Trish Hogan**  
Facilities Manager



**Keith O'Leary**  
VP Cloud Service

## ESG Strategy

### ESG Program Driving Factors

There are three key forces in play that FINEOS has considered in scoping out and developing an ESG strategy:

- (1) Compliance – meeting regulatory reporting requirements such as CSRD\*, TCFD\*\*, IFRS\*\*\* etc;
- (2) Customer alignment – FINEOS supports customers' ESG commitments and fulfilment of their own supply chain regulatory requirements; and
- (3) Triple bottom line – balancing the environmental and social obligations while maintaining profitability.

\*CSRD – Corporate Sustainability Reporting Directive (EU)  
\*\*TCFD – Taskforce on Climate-related Financial Disclosures  
\*\*\*IFRS – International Financial Reporting Standards

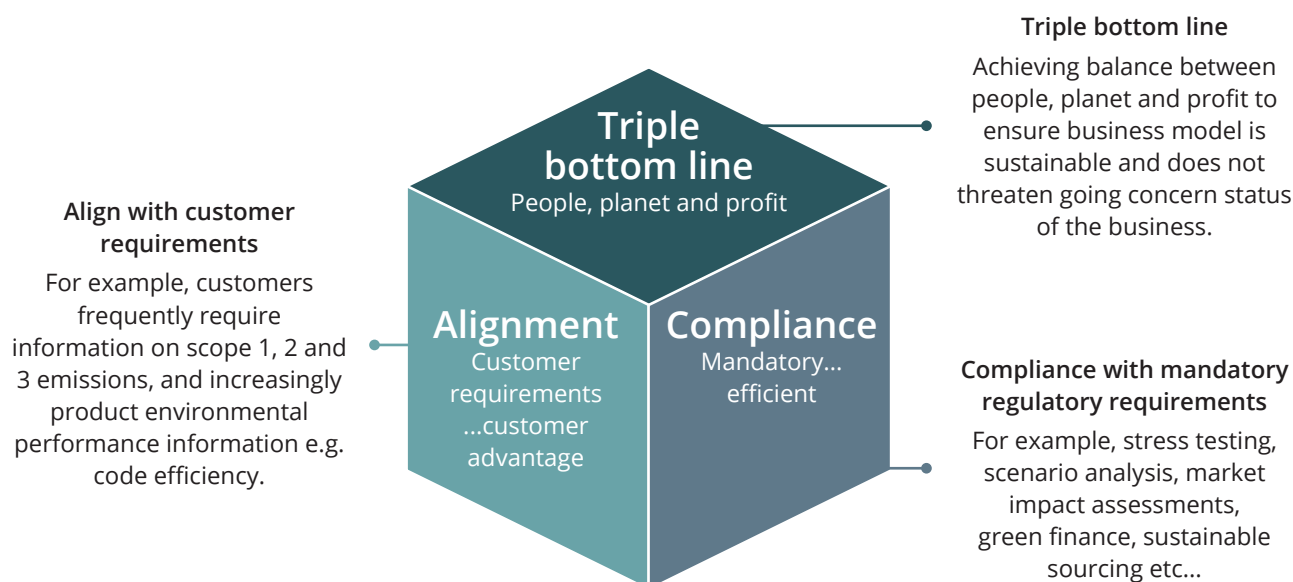


Figure 1: ESG Program Driving Factors in detail

## FINEOS ESG Strategy

At FINEOS ESG is embodied within our FINEOS Growth Strategy. The key areas of focus are to:

- Maintain a low carbon footprint and support initiatives to further reduce our carbon footprint;
- Support our people through diversity and inclusion, community initiatives and professional development; and
- Have clear and visible governance from the Board and leadership team throughout the Company in our policies and procedures, with a critical focus on information security and data privacy.



## ESG Pillars



### FINEOS Business Case for addressing ESG

ESG represents a dynamic landscape of opportunities and challenges for FINEOS. Our primary goal is to proactively manage ESG factors, partaking in opportunities while ensuring they do not adversely affect our revenues and costs. The FINEOS ESG Business Case encompasses the following key objectives, guiding our strategic approach toward sustainability and responsible business practices:

- Investor
  - Maintain investor confidence; and
  - Meet investor ESG objectives including compliance requirements.
- Customer
  - Satisfy qualification requirements for new business;
  - Maintain customer business; and
  - Assist them in meeting their compliance, investor and customer requirements.
- Profitability
  - Minimise transition and operational cost implications; and
  - Optimise impact on revenue.
- Compliance
  - Maintain customer business;
  - Avoid fines and penalties; and
  - Satisfy corporate governance requirements.
- Maintain/enhance reputation

By addressing these objectives, we aim to strengthen our resilience, enhance performance, and align our business with the principles of sustainability, ensuring a positive and enduring impact on our stakeholders and the broader society.

# Environmental, Social and Governance Report (continued)

## **Enterprise Ireland Funding and Partnership**

Under Ireland's National Recovery and Resilience Plan (NRRP) (2021-2026), FINEOS is strategically leveraging grants that support the digital and climate transition of enterprises. These initiatives are being funded through the EU's Recovery and Resilience Facility, with a particular focus on facilitating emissions reductions as part of a comprehensive decarbonisation plan. Working with the consultancy firm Centigo, FINEOS is currently undergoing benchmarking and materiality assessments.

By harnessing these funding opportunities, FINEOS can fortify its commitment to sustainability and resilience, positioning itself as a leader in the pursuit of environmental stewardship while fostering continued growth and innovation in line with national and EU recovery goals.

## Environmental Pillar

### Environmental Pillar and KPIs

In this report, we acknowledge that FINEOS is in the initial stages of its environmental journey, and we present the essential KPIs to lay the foundation for measuring progress. Our current focus for CO<sub>2</sub> measures is primarily on Scope 1 emissions at the FINEOS headquarters in Dublin as we proceed with our commitment to ESG.

KPI	Measures	Status
Build continued environmental awareness and education among leadership	Hold senior executive briefings Involve ESG Council in assessing environmental development requirements and risks	Briefings held Leadership support establishment of ESG Council and the ESG strategy
Establish active environmental forum (Employee Resource Group)	Group is live with active participation	36 active members in the Employee Resource Group
Develop environmental strategy and roadmap	Draw down various Enterprise Ireland funding support Develop/update policies to reflect environmental requirements	Enterprise Ireland funding drawn down Defined initial ESG roadmap Developed skills and capabilities of the ESG program leads Identified policies required to be established
Track and measure CO <sub>2</sub> emissions Optimise the performance of our buildings	Completed the Climate Toolkit4Business carbon footprint analysis tool	Measured annual production of CO <sub>2</sub> as 142.58 tonnes for calendar year 2022 Continuing to measure on a calendar year basis and implement action plan In-house initiatives in place: <ul style="list-style-type: none"> <li>Reorganised office space so one floor used less often, saving power in terms of heat and light</li> <li>65% of the energy provided by Electric Ireland is renewable</li> <li>Reduced paper usage (see DocuSign measure below)</li> </ul>
Minimise waste and energy consumption	Track IT storage measures (servers)	Server usage is being tracked via Centre and Centre on (centralised monitoring and alert system for FINEOS internal critical infrastructure) as a data-gathering exercise to allow us to analyse and plan on the minimisation of waste and energy consumption within IT



## Environmental, Social and Governance Report (continued)

KPI	Measures	Status
	Track cloud vs on-premise	Implemented a tracking mechanism to analyse the split between cloud and on-premise usage to make informed decisions on the future IT Operations global strategy
	Measure of recycling hardware	<p>1% of laptops disposed were donated to schools/charity purposes during FY23</p> <p>Recycled/re-tasked laptops used for FINEOS staff upgrade activity: 75% of laptops for staff upgrades are (previously used) re-tasked laptops</p> <p>Recycled/re-tasked laptops used for FINEOS new hire activity: 50% of laptops to new hires requiring a laptop are (previously used) re-tasked laptops</p> <p>No third party contractors use FINEOS supplied hardware – all operate off secured virtual infrastructure</p>
	Measure of DocuSign	<p>Environmental statistics since the introduction of DocuSign in 2016 (note: DocuSign do not provide annual data)</p> <ul style="list-style-type: none"> <li>• 8,230.85 kilograms of carbon emissions reduced</li> <li>• 86,211.5 litres of water conserved</li> <li>• 3,507.86 kilograms of wood saved</li> <li>• 569.92 kilograms of waste eliminated</li> </ul>
Optimise and track travel data to minimise carbon footprint	Measure travel data globally across all travel providers	Monthly tracker in place to measure CO <sub>2</sub> emissions where data is available

## Social Pillar

### Social Pillar KPIs and measures

The Social Pillar KPIs in FY23 reflect the FINEOS commitment to fostering a positive and inclusive workplace culture, nurturing our employees' wellbeing, and contributing meaningfully to our communities. These KPIs showcase our progress in Diversity, Equity and Inclusion (DEI) initiatives, employee engagement and wellness programs, and our impactful community involvement. As we strive to create a thriving and socially responsible organisation, this section highlights the measurable outcomes and positive impact of our efforts under the Social Pillar.

KPI	Measure	Result
Gender Diversity – measure against industry benchmarking	Total Employees – Gender split	70.4% male; 29.6% female
	Total Leaders – Gender split	77% male leaders; 23% female leaders
Gender Pay Ratio – measure against industry benchmarking	Gender Pay report – Ireland	FINEOS <sup>1</sup> Median Gender pay gap 11.7%
		FINEOS Mean Gender pay gap 17%
Employee Turnover – measure against industry benchmarking	Attrition – Regional and Global	Voluntary Attrition: 8.0%, of which 39.1% were regrettable leavers
	Attrition – Regrettable leavers	
DEI Program – measure through Denison DEI scores	Denison Diversity and Inclusion Survey	Culture survey planned for FY24
CSR – measure the CSR initiatives and financial contributions FINEOS makes	Track employee-led, Company and volunteer sponsorship	Five Company events including charity golf event
		Multiple employee-led activities
		Two volunteer mentorship programs
Employee Engagement – measure through Denison	Denison Survey	Culture survey planned for FY24
Flexible working – measure against industry benchmarking	% hybrid	Hybrid work percentage: 100% of employees follow a hybrid or remote-first approach
	Number of workers outside of country of hire	Number of employees working outside country of hire: 8% of the total workforce
	Data on flex ways of working	Part-time employees: 2.2% of the total workforce
		Parental Leave: 6.1% of the workforce
		Long Service Leave (Australia): 3.4% of the local workforce (three employees)

<sup>1</sup> Refer to FINEOS Ireland Gender Pay Gap Report 2022 for further detail.



# Environmental, Social and Governance Report (continued)

## FY23 Social Pillar Programs

In FY23, FINEOS demonstrated a strong commitment to social responsibility and employee wellbeing through impactful programs under the Social Pillar. This section highlights initiatives promoting Diversity, Equity and Inclusion, community engagement, and employee wellness, showcasing our dedication to creating a positive impact on our workforce and society.

Program	Campaigns of Note
Diversity, Equity and Inclusion	Gender Pay reporting Women in Tech Employee Resource Group (ERG) National Reconciliation Week Disability Awareness program Autism/Neurodiversity Awareness Juneteenth Pride
Community	Blg Mentor™ program ReBoot – women return to work in technology program Laptop donation (schools program) Employee-led charity events SciFest sponsorship Dublin City University program sponsorship <ul style="list-style-type: none"> <li>senior FINEOS employee guest lecture series</li> <li>collaborated with DCU and fourTheorem on an industrial research project</li> <li>funded a research paper for a Computer Applications degree</li> </ul>
Employee Engagement and Wellness	Inclusion and Belonging workshop Workplace Wellbeing Week Awareness day/months (Healthy heart, Menopause, Mental Health) Mental Health First Responder Training Globally coached Couch to 5km Vaccines/heart screening Mindfulness apps Employee Resource Groups (ERGs)



### **FY23 Awards and Recognition:**

In FY23, FINEOS received recognition and accolades for its excellence, innovation, and commitment to fostering a thriving work culture. This section highlights the notable awards, global recognition programs, and individual rising stars that showcase our outstanding achievements.

<b>Award Body</b>	<b>Award</b>
Ibec Technology Ireland	Digital Technology Services Project of the Year – NYL project
Ibec Technology Ireland Shortlist	Talent Development
HRO Today EMEA Innovation in HR	Celebrating Success global recognition program
HRO Today APAC Innovation in HR	Celebrating Success global recognition program
Early Career Rising Star awards	HR and Recruitment Professional of the Year – Lesley-Anne Merrigan, HR
	InsureTech Professional of the Year – Darragh Hackett, Product Consulting
	Business Rising Star of the Year – Kate Costello, Product Engineering
CIPD HR Awards Rising Star	Lesley-Anne Merrigan, HR
CIPD Shortlist	Leadership Development
Business and Finance Awards	Elevation Award (for achievements across Company Vision, Strategy and Organisational Culture; Performance; Scalability; Innovation; Approach to ESG; Community Engagement)
Ragan Awards Honorable Mention (North America) August 2023	Employee Engagement – Celebrating Success recognition program
	DEI – FINEOS Embrace DEI
	Leadership for Growth Program – LEAD

## **Governance Pillar**

### **FINEOS Governance Structure**

Governance continues to play a crucial role in shaping our approach to ESG matters, and this section outlines our previously established strategic initiatives and practices in ensuring transparent, responsible, and accountable governance.

Board Oversight				
Audit and Risk Management Committee			Remuneration and Nomination Committee	
Executive Responsibility				
Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief People Officer, Chief Technology Officer, Legal Adviser				
Business Functions				
Security and Compliance	Human Resources	Legal	IT Operations	Finance
Policies				
<ul style="list-style-type: none"><li>• Anti-bribery and anti-corruption policy</li><li>• Anti-slavery and human trafficking policy</li><li>• Code of conduct policy</li><li>• Communications policy</li><li>• Securities trading policy</li></ul>		<ul style="list-style-type: none"><li>• Continuous disclosure policy</li><li>• Corporate governance statement</li><li>• DEI policy</li><li>• Remuneration policy</li><li>• Risk management policy</li><li>• Whistle blower policy</li></ul>		

# Environmental, Social and Governance Report (continued)

## Mandatory Reporting for ESG

With the introduction of the EU Corporate Sustainability Reporting Directive (CSRD), a new regime has emerged, elevating sustainable reporting to the same level as financial reporting. FINEOS is taking proactive steps to comply with this directive, ensuring transparent and standardised disclosures of our sustainability-related performance. FINEOS is working with our consultancy partner Centigo to establish the foundations for the CSRD as reporting will be required in 2025 based on 2024 financial data.

## Governance Pillar KPIs and Measures

In this report, we present the Governance KPIs for FINEOS. These KPIs reflect our commitment to upholding transparent, responsible and accountable governance practices in our pursuit of Environmental, Social and Governance (ESG) excellence.

KPI	Measure	End of year status
Board independence, structure and rotation	Ensure Board requirements as per the Company Board charter (FINEOS Governance site)	Board composition complies with the Company charter Rotation happened earlier this year (2023)
Data Privacy and Security – Security Council track and measure personal data breaches	Demonstrate processes are in place to avoid personal data breaches	Security Council tracking process in place to measure breaches
SOC2 Audit – Undergo periodic audits	Audit takes place annually	SOC2 Type 2 report was published in December 2022
Audit Risk and Oversight – Track and measure the audit risk and oversight outputs	Risk management policy and process in place, reporting as per the policy to track and measure. Audit and Risk Management Committee meet a minimum of three times per year (per Board charter)	Audit and Risk Management Committee met as per their charter
Remuneration and Nomination Committee oversight	Remuneration and Nomination Committee meet a minimum of three times per year and ensure policy is adhered to as per Board charter	Remuneration and Nomination Committee meetings took place, policy adhered to
Governing Policies – track and measure breaches	Ensure full suite of governing policies are in place, maintained appropriately by relevant area Breaches reported to the Board	No new governing policies, no breaches reported. <a href="#">Corporate Governance   Investor Centre   FINEOS</a>
ESG Reporting – Deliver annual ESG Report and quarterly Board report	Complete ESG report as required by Board	Six-month and annual ESG report completed Quarterly Board report
ESG vendor process	Establish ESG vendor policy and process to understand vendor ESG preparation status	Identified ESG vendor policy is required and will be completed in FY24

## FY23 ESG Achievements and FY24 Focus

In FY23, FINEOS made substantial progress in advancing our Environmental, Social, and Governance (ESG) initiatives. FINEOS is committed to continued progress as we endeavour to shape a more sustainable and responsible future for FINEOS and the communities we serve.

### FY23 Achievements

In this section, significant milestones achieved are highlighted below as we embark on our ESG journey:

- Conducted a comprehensive benchmarking assessment;
- Formulated a detailed ESG Action Plan;
- Secured Enterprise Ireland grant funding to support our initiatives;
- Assessed readiness against approximately 20 best practice ESG KPIs;
- Enhanced our comprehension of customer and regulatory reporting disclosure and compliance requirements; and
- Established an overarching ESG framework to guide the Enterprise Ireland grant-aided projects, outlining deliverables.

These accomplishments set the stage for our sustainable future and demonstrate our commitment to ESG principles.

### FY24 Focus

There are four key next stages for FINEOS to address in its ESG journey:

- (1) Governance and change.** Provides assurance that FINEOS transition strategies, policies, processes and operating model are appropriate, timely, cost and operationally effective.
- (2) Carbon emission reduction.** It is proposed that FINEOS commence an Enterprise Ireland Green Plus grant-aided project to commence this work which includes policy development, baseline measurement, process and systems readiness, supplier communications and supply chain improvements.
- (3) CSRD mandatory reporting strategy and road map.** FINEOS will be required to deliver the first round of mandatory reporting in 2025 based on the 2024 financial data.
- (4) Data Centre strategy and roadmap.** Significant assessment to take place with regard to budget and development requirements. It is proposed that FINEOS will avail of an additional Enterprise Ireland Green Start grant to assess the development needs.

### Conclusion

In conclusion, we are dedicated to integrating Environmental, Social and Governance principles into our growth strategy and while our progress is in its early stages, we are committed to learning, improving, and embracing the opportunities that lie ahead. With a steadfast focus on sustainability and responsible practices, we are eager to create a positive impact on our Company, stakeholders, and the world at large. Our commitment to ESG sets the foundation for a more responsible and sustainable future, and we look forward to sharing our continued progress in the years to come.





## Board of Directors



*Anne O'Driscoll*  
*Chairman*  
*Non-executive Director*  
*Chair, Remuneration and*  
*Nomination Committee*

Anne joined the Board in 2019 and has over 35 years of business experience across a broad spectrum of the insurance industry. Anne is also on the board of MDA National Insurance Pty Limited. In the past year she has retired from the boards of ASX-listed companies, Steadfast Group Limited and Infomedia Limited, as well as (non-listed) Commonwealth Insurance Limited. Anne chaired the audit committee for each of these boards.

Anne has held various other senior management roles within organisations such as Insurance Australia Group Limited and NRMA Group, as well as being the CFO of Genworth Australia between 2009 and 2012. She is also a former director of the NSW Self-Insurance Corporation and Australasian Investor Relations Association Limited.

Anne qualified as a chartered accountant in Ireland with Haughey Boland (now Deloitte) before joining Coopers & Lybrand (now PwC) in London. Anne moved to Sydney in 1988 and is a Graduate Member of the Australian Institute of Company Directors and a Fellow of the Australian and New Zealand Institute of Insurance and Finance, Chartered Accountants Ireland and Chartered Accountants Australia and New Zealand.



*Michael Kelly*  
*Executive Director*  
*Chief Executive Officer*

Michael is the Chief Executive Officer and founder of FINEOS. Michael has more than three decades of executive leadership experience in the global life, accident and health industry.

Michael began his career with FBD Insurance and then moved to Paxus Corporation, an Australian insurance core systems software vendor entering the European market. Michael assisted in establishing Paxus' LIFE400 product as the market leading policy administration system in Europe, which was later acquired by CSC.

Michael is a previous winner of the EY Ireland Technology Entrepreneur of the Year, and in 2015 was named as one of the top 10 most influential executives in the Irish international FinTech sector.

Michael attended Dublin City University where he graduated with a BSc in Computer Science.



*David Hollander*  
Non-executive Director  
Chair, Audit and Risk  
Management Committee

David joined the Board in 2019 and has over 35 years of experience in the insurance, technology and professional services industries.

David most recently served as Global Insurance Leader for Ernst & Young LLP (EY), responsible for all service lines and representing a global team of over 14,000 professionals. David currently sits on the Board of Directors at Northwestern Mutual and Westfield Insurance, both based in the United States. Previously David served as the CEO of UNIRISX, a SaaS-based policy administration insurtech solution based in the UK.

David began his career with Accenture, where he served in a variety of leadership and client service roles including CEO of the Financial Services Solutions Group. He led the creation of a 200-person global insurance software company within Accenture, driving more than US\$1 billion in consulting and outsourcing pull-through revenues, in addition to leading the acquisition and integration of a major life and annuity software provider.



*William Mullaney*  
Non-executive Director

Bill is an experienced board member with more than 40 years of experience in insurance, financial and professional services.

Based in the US, Bill most recently served as a Managing Director at Deloitte Consulting, advising on a wide range of business, insurance and retirement issues. He led the Group Insurance Practice, providing consulting services to more than 20 group insurance carriers. Bill also worked with start-up insurtech and fintech companies to accelerate their growth and tailor solutions to market needs.

Bill previously served as the President of US Business at MetLife, where he oversaw the reorganisation of institutional, individual, auto and home business, constituting over 60% of the company's revenue and earnings. This followed his leadership of institutional business at MetLife, servicing the employee benefit programs for more than 90 of the Fortune 100 companies and 60,000 institutional customers. Bill brings an extensive background in claims, voluntary benefits, customer service and technology replacement to the FINEOS Board.

# Directors' Report

## for the year ended 30 June 2023

The Directors present herewith their report and audited consolidated financial statements for the year ended 30 June 2023. These financial statements reflect the performance of FINEOS Corporation Holdings plc and its subsidiaries ('the Group') for the fiscal year ended 30 June 2023.

## 1. Directors and Secretaries

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

<b>Chairman</b>	<b>Date of appointment</b>
Anne O'Driscoll	25 July 2019

<b>Chief Executive Officer</b>	
Michael Kelly	12 December 2018

<b>Other Directors</b>	
Gilles Biscay	Retired 31 December 2022
Martin Fahy	Retired 31 December 2022
David Hollander	15 October 2019
William Mullaney	1 January 2023
Tom Wall	Retired 30 September 2022

Tom Wall and Natalie Climo served as Joint Company Secretaries up to 7 September 2022. John McKnight was appointed Joint Company Secretary on 7 September 2022 and Tom Wall retired as Company Secretary on the same date. John McKnight and Natalie Climo continue to serve as Joint Company Secretaries.

Particulars of the Directors' qualifications and experience as well as their directorships of other listed companies are set out under Board of Directors on pages 16 to 17.

## 2. Directors' Meetings

The number of meetings of the Company's Board of Directors (the 'Board') and of each Board Committee held during the year ended 30 June 2023, and the number of meetings attended by each Director, were as follows:

	Board		Audit and Risk Management Committee		Remuneration and Nomination Committee	
	A	B	A	B	A	B
Anne O'Driscoll	6	6	3	3	3	3
Michael Kelly	6	6	–	–	–	–
Gilles Biscay	3	3	1	1	1	1
Martin Fahy	3	3	1	1	1	1
David Hollander	6	5	3	3	3	3
William Mullaney	3	3	1	1	1	1
Tom Wall	1	1	–	–	–	–

A: Meetings eligible to attend

B: Meetings attended as a member



### 3. Audit Committee

The Audit and Risk Management Committee assists the Board in carrying out its accounting, auditing and financial reporting responsibilities, including those outlined in Section 167 of the Companies Act 2014.

### 4. 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 software. FINEOS is a global software group providing modern customer-centric core software to Life, Accident and Health insurers and Employee Benefits providers.

The FINEOS Platform is a purpose-built, customer-centric, end-to-end core product suite 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. The Group is continuously developing, both organically and through acquisitions, the entire range of FINEOS Platform offerings, which today includes machine learning and data insights through artificial intelligence.

The Group helps its customers move from outdated legacy core systems to the modern SaaS FINEOS Platform for new business, billing, claims, absence and policy administration, enabling improved operational efficiency, increased effectiveness and excellent customer care.

Services revenues are generated when assisting clients migrating to the FINEOS Platform and are dependent on the migration model chosen (clients may use internal or other external resources as well as FINEOS resources). Once a customer is operating on the FINEOS Platform, annual subscriptions are payable depending on the FINEOS modules being used and the extent of the clients' operations on the FINEOS Platform.

#### **Business summary and key performance indicators**

The key performance indicators of the financial results compared with the prior corresponding year are as follows:

- An overall decrease in revenue to €125.0 million from €127.2 million, which is a 1.7% drop in revenue from a reduction in services revenue offset by increase in Subscriptions.
- Subscription revenue is up 15.9% to €62.4 million.
- Services revenue is down 14.8% to €60.8 million:
  - The reduction in services is mainly driven by two marquee clients in North America who reduced the FINEOS team size, migrating to a more self-sufficient model.
  - Also, a major client is investing in a strategic partnership with FINEOS to build product features rather than custom software. This has led to a reduction in services revenues from that source which will continue in FY24.
- Ongoing investment in expensed product development and delivery (up €6.9 million or 12.8% to €61.3 million) combined with higher amortisation costs on our FINEOS Platform modules in use in market (up €2.8 million or 16.6% to €19.7 million) increased the reported expenses. We also increased our sales and marketing investment as travel returned to pre-COVID levels. These expenses also include increased employment expense across the employee base with market pressure forcing salary increases mid-year in 2022.
- The loss after tax for the year ended 30 June 2023 is €21.4 million, a €4.6 million (17.6%) improvement, on the loss after tax of €26.0 million for the prior year. These amounts are stated net of tax credits arising on the losses of €2.3 million (2022: €4.2 million).
- Basic loss per share of 6.69 cents (euro) for the year ended 30 June 2023 compared to a basic loss per share of 8.23 cents (euro) for the year ended 30 June 2022.

Growth in subscription revenues, our key metric, of 15.9% continues to be driven by cloud subscription deal flow from previous years and migration to cloud deployment subscriptions as well as three new name customers secured in FY23. The decline in initial licence fees (ILF) of 11.6% to €1.8m is expected due to the expanding cloud subscription model which does not have an ILF element to it.



## 4. Principal Activities and Review of the Development and Performance of the Business during the Financial Year (continued)

### Business summary and key performance indicators (continued)

During FY23, the FINEOS customer base continued to actively engage in new implementation activity, major product upgrades, and platform migrations to the cloud. FINEOS has entered FY24 with 27 active cloud projects for customers covering ongoing initial implementations and new phases with existing customers. Additionally, FINEOS is continuing to engage with the remaining on-premise customers across the regions to plan their migration to the cloud across FY24 and FY25 and should see an increase in project starts as a result.

The consolidated financial statements are presented in Euro which is the functional currency of the Group. Euro based currency volatility continued during fiscal year 2023 in relation to the US Dollar, British Pound, Australian Dollar, New Zealand Dollar, Polish Zloty and Canadian Dollar, and resulted in a foreign exchange gain of €0.2 million for the Group in the year (2022: €0.8 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.

The consolidated statement of comprehensive income for the year ended 30 June 2023 and the consolidated statement of financial position as at that date are set out on pages 42 and 43.

Non-financial measures are also important to the Group and the Group's Environmental, Social and Governance Report is set out on pages 4 to 15.

## 5. Changes in the State of Affairs

The cash reserves closed at €25.5 million as at 30 June 2023 compared to €44.3 million as at 30 June 2022. The Group had no external debt as at 30 June 2023.

Equity decreased by €22.2 million to €147.1 million from €169.3 million during the year with the significant movements being:

- Debit of €3.9 million to foreign exchange reserve
- Share option expense of €3.1 million
- Loss for the year of €21.4 million
- Issue of CDIs on exercise of options €0.2 million

Apart from the decrease in cash reserves of €18.8 million noted above, other key movements in assets contributing to a drop in total assets of €22.2 million to €201.2 million were:

- A net increase of €1.3 million in intangible assets reflecting capitalised internal development expenditure of €26.7 million, capitalised contract costs of €0.3 million, amortisation of €23.1 million and a €2.6 million decrease arising from the exchange rate movements on US denominated intangible assets.
- A decrease of €8.4 million in trade receivables mainly due to higher collections from customers in 2H23 versus 2H22 and reduced services revenue.
- An increase in the deferred tax asset of €2.7 million predominantly due to the increased provision for offset of tax losses against future taxable profits.
- An increase of €1.4 million in unbilled receivables due to the timing of invoicing as per agreed customer statement of works.
- An increase in prepayments of €1.0 million influenced by the timing of renewal of contracts for software licensing/maintenance.

## 5. Changes in the State of Affairs (continued)

Total liabilities decreased by €0.1 million to €54.0 million from €54.1 million during the year with the significant movements being:

- An increase of €4.2 million in deferred revenue due primarily to the increase in subscription revenue in the year.
- An increase of €1.9 million in trade payables due to the timing of receipt of supplier invoices.
- A reduction in contingent consideration payable of €5.0 million due to a payment of €2.4 million during the year, interest unwind of €0.2 million and a gain on remeasurement of €2.8 million.
- A decrease in the research and development tax credit of €0.9 million due to a reduction in research and development costs qualifying for tax credit on account of the transition of products to market and a change in qualifying criteria.

## 6. Likely Developments and Outlook

Total Revenue for FY24 is expected to be in the range of €131 million to €135 million. The growth rate of subscription revenue is expected to be in the low to mid-teens percentage range. Services revenue growth is expected to be in the low single-digit percentage range, as FINEOS provides system integrators a greater role in its product implementations.

FINEOS remains on track to achieve the €10 million in cost savings that it previously announced in March 2023. Further R&D investment of €1.9 million is expected due to two new recent deals; the first for FINEOS in the Direct-to-Employer market and a second AdminSuite deal for the Company. FINEOS is expecting to achieve positive free cash flow in the second half of FY24 and for FY25 in aggregate.

With seven of the top 10 US group carriers as existing clients and over 60 clients globally, FINEOS remains strongly positioned to increase the footprint, revenues and market leadership of the FINEOS Platform.

## 7. Dividends

During the year the Company made no dividend payments to Ordinary shareholders. The Directors do not propose the payment of a final dividend for the year.

## 8. Political Donations

There were no political donations made during the year ended 30 June 2023.



## 9. 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 marketplaces where FINEOS trades, including potential recessions in key markets. This could potentially lead to further delays and uncertainty on the allocated budgets of existing and prospective customers;
- 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's 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 research and development 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 the Chief Executive Officer or other key employees, or the limited availability of qualified personnel, may disrupt operations or increase the cost structure; and
- 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 24.

## 10. Events Subsequent to the Year End

FINEOS undertook an equity raising on 15 August 2023 to provide general working capital, strengthen the FINEOS balance sheet position and maintain flexibility for timing of cash flows. FINEOS successfully completed a fully underwritten institutional placement, raising approximately AU\$35 million through the issue of approximately 15.5 million new fully paid CHESS Depositary Interests over FCL shares ('CDIs'). The placement was undertaken at an offer price of AU\$2.25 per new CDI.

A further AU\$5 million conditional placement was made to Michael Kelly, Director and CEO of FINEOS, also at an offer price of AU\$2.25 per new CDI and is subject to FINEOS securityholder approval at the AGM in December 2023.

FINEOS is also undertaking a non-underwritten Security Purchase Plan ('SPP') to raise up to AU\$5 million, which will complete in September 2023.

## 11. Corporate Governance Statement

The corporate governance statement of FINEOS Corporation Holdings Plc, as approved by the Board, can be found on the Company's website at <https://www.fineos.com/investors/corporate-governance/>.

## 12. 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 2023, other than as disclosed in Note 25.

## 13. Controlling Party

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

## 14. Directors' and Secretaries' Interests

The Directors' and Company Secretaries' interests in shares and share options as at 30 June 2023 are set out on page 30 in the Remuneration and Nomination Committee report.

## 15. 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 27.

## 16. Directors' Compliance Statement

The Directors have drawn up a compliance policy statement setting out the Company's policies (that, in the Directors' opinion, are appropriate to the Company) respecting compliance by the Company with its relevant obligations. The Directors understand that they are responsible for securing the Company's compliance with its relevant obligations. The Company has appropriate arrangements or structures that are, in the Directors' opinion, designed to secure material compliance with the Company's relevant obligations; and the Company has conducted a review, during the financial year, of the arrangements or structures that have been put in place.

## 17. 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 Chief Financial Officer 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, Ireland.

## 18. 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.



## 19. Auditors

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

## 20. Takeover Provisions

FINEOS is not subject to Chapters 6, 6A, 6B and 6C of the Companies Act 2014 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 Australian Corporations Act 2001. 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 six 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.

## 21. 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 (Uncertificated Securities) Regulations, 1996 (S.I No 68 of 1996) ('1996 Regulations') and its Articles of Association accordingly contain prohibitions on transfers. The provision of uncertificated securities is regulated by the 1996 Regulations, which is administered by the Corporate Enforcement Authority. 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 noted the transfer is to a deceased person, or where 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.

### On behalf of the Board



**Michael Kelly**  
Director



**David Hollander**  
Director

22 August 2023

# Remuneration and Nomination Committee Report

## for the year ended 30 June 2023

As chair of the Remuneration and Nomination Committee (the Committee), I am pleased to present the report for the Committee for the year ended 30 June 2023.

The objective of this report is to provide shareholders with information to enable them to understand the remuneration structures in place and how they relate to the Group's financial performance. The report also provides a summary of the Committee's roles and responsibilities and how these were discharged in the year ended 30 June 2023.

### Membership and Meetings of the Committee

The members of the Committee during the year ended 30 June 2023 are set out in the table below. The members of the Committee were in place for the whole of the year unless otherwise stated. All members of the Committee are independent Non-executive Directors.

Committee Member	Position	Appointed/Retired
Anne O'Driscoll	Chair	25 July 2019
Gilles Biscay	Member	Retired 31 December 2022
Martin Fahy	Member	Retired 31 December 2022
David Hollander	Member	15 October 2019
William Mullaney	Member	1 January 2023

Attendance details for the three meetings held during the year are outlined on page 18 in the Annual Report. The Committee members' biographies are set out on pages 16 to 17.

### Role of the Remuneration and Nomination Committee

The purpose of the Committee is to assist the Board by reviewing and making recommendations to the Board in relation to:

- The Group's remuneration policy, including as it applies to Directors, and the process by which any pool of Directors' fees approved by shareholders is allocated to Directors;
- Remuneration packages of Executive Directors, Non-executive Directors and senior executives;
- Equity-based incentive plans and other employee benefit programs;
- The Group's pension/superannuation arrangements;
- Those aspects of the Group's remuneration policies and packages, including equity-based incentives, which should be subject to shareholder approval;
- Succession plans of the Chief Executive Officer, Executive Directors and senior executives;
- Board succession issues and planning;
- The appointment and reelection of Board and Committee members;
- The induction of new Directors and continuing professional development programs for Directors;
- The process for recruiting a new Director, including evaluating the balance of skills, knowledge, experience, independence and diversity on the Board;
- The process for the evaluation of the performance of the Board, its Board Committees and individual Directors; and
- The size and composition of the Board and strategies to address Board diversity and the Group's performance in respect of the Group's Diversity Policy, including whether there is any gender or other inappropriate bias in remuneration for Directors, senior executives or other employees.

The Committee charter can be found at <https://www.fineos.com/investors/corporate-governance/>.



# Remuneration and Nomination Committee Report (continued)

## for the year ended 30 June 2023

### Remuneration Policy

The Group is committed to attracting and retaining the best people to work in the organisation, including Directors and senior management. Appropriate remuneration designed to reward, retain and motivate people is a key element in achieving that objective. Part of the Committee's role is to assist the Board in implementing its Remuneration Policy. A copy of the policy can be found at <https://www.fineos.com/investors/corporate-governance/>.

### Executive Remuneration Framework

There were two Executive Directors during the year: the Chief Executive, Michael Kelly and the Chief Financial Officer, Tom Wall. The Chief Financial Officer, Tom Wall retired on 30 September 2022. The Board determined that the incoming Chief Financial Officer would not be a Director of the Company in line with standard Australian practice. Tom Wall had been a Director prior to the Company's IPO.

The elements of the remuneration package which may apply to Executive Directors are base salary, pension contributions, other benefits and both short-term and long-term incentives.

The tables below summarise the framework which was applied during the year ended 30 June 2023. A similar structure will apply during the year ended 30 June 2024. The relevant benefits are included in the Directors' remuneration table shown below.

Benefit	Nature of Benefit
Annual base salary	Salary levels are reviewed annually by reference to market comparisons and reflect the individual's level of expertise and contribution to the organisation, in conjunction with other benefits being provided. Salary increases are normally in line with the wider workforce.
Pension contributions	Participation in a defined contribution scheme available to employees in the same geography. There was a Company contribution of 10% of base salary for the CFO. The CEO does not utilise this benefit.
Other benefits	Benefits currently provided are healthcare cover, life insurance and permanent health insurance cover. Premiums payable are included in the remuneration disclosed in this report.

Incentive	Basis of Incentive	Maximum Opportunity	Achieved for FY2023
Short-term Incentives (bonus)	<p>The CEO is entitled to receive an annual cash bonus in recognition of his contribution towards growth and in lieu of pension contributions.</p> <p>The CFO was entitled to receive an annual bonus based on achievement of agreed Company and individual performance targets.</p>	<p>CEO: drives the growth of the Company and leads key customer relationships and sales acquisitions.</p> <p>CFO: 15% of base salary if all objectives achieved and up to 25% where there is over achievement beyond such agreed targets.</p>	<p>CEO: Bonus payment of €60,040.</p> <p>CFO: No bonus was payable to Tom Wall at the time of his retirement.</p>
Long-term incentives (equity-based remuneration)	<p>A long-term incentive plan was established on admission to the ASX ('the 2019 Equity Incentive Plan') (The Plan). Awards from this scheme may be made in the form of options, restricted shares, restricted stock units and performance shares. See Note 19 for more details.</p> <p>The terms and conditions of any awards made to Executive Directors under the 2019 Equity Incentive Plan, including those relating to targets, vesting and/or exercise (as the case may be), are determined by the Committee and to the extent required, subject to CDI holder approval.</p>	<p>No more than 5% of the issued share capital (measured over rolling three-year cycles) of the Company may be issued or reserved under The Plan at any time.</p>	<p>There were no awards to the CEO or CFO under The Plan during FY23.</p>

The Committee reviews the performance of the Executive Directors for the purposes of determining short-term incentives and makes recommendations to the Board as to the pay-out level.



# Remuneration and Nomination Committee Report (continued)

## for the year ended 30 June 2023

### Disclosure of Executive Remuneration

Even though the Company is listed on the ASX, being an Irish incorporated entity, the Company is not subject to the obligation to produce a remuneration report under the Australian Corporations Act. Accordingly, there is no legal obligation to disclose the remuneration and employment terms of individual executives who are not Directors but who would, under Australian law, be regarded as Key Management Personnel. Accordingly, any such disclosure would be considered a breach of those executives' privacy.

To assist investors, the Committee notes the following:

- Salaries of senior leaders, along with other employees, are reviewed regularly in line with the local markets in which they operate;
- Cash bonuses of up to 15% to 25% of base pay are payable on objectives being met; and
- There is no fixed entitlement to options.

Pay increases during FY23 were broadly in line with the average provided to the rest of the employees. All the senior leaders (other than the CEO) were granted options during FY23 as an incentive. Given the Company's overall performance, no cash bonuses are payable for FY23.

For FY24, three senior leaders have been given increased pay in view of the expanded/more senior roles they have taken on during FY23. Other than that, no salary increases have been granted.

### Non-executive Directors

The Board aims to recruit high-calibre Non-executive Directors, with broad commercial, international or other relevant experience.

Non-executive Director remuneration is reviewed by the Board based on recommendations from the Committee. The aggregate amount paid to all Non-executive Directors in any financial year for their services must not exceed the amount fixed by the securityholders in general meeting. This amount is currently fixed at AU\$800,000 (€514,304<sup>1</sup>) per annum.

The annual fees set by the Committee for Non-executive Directors, in consultation with the CEO and Chief People Officer, were increased in July 2022 for the first time since listing in 2019 and are set out below in the currency applicable to the location of the relevant Directors. No additional fees are paid for Committee roles. The fees are exclusive of pension/superannuation contributions where required by law to be made by FINEOS.

Director	Annual fee during FY2022	Annual fee during FY2023
Anne O'Driscoll	AU\$160,000	AU\$163,620
Gilles Biscay	€55,000	€56,650
David Hollander	US\$170,000	US\$170,000
Martin Fahy	AU\$90,000	AU\$92,036
William Mullaney	US\$Nil	US\$100,000

Gilles Biscay and Martin Fahy retired from the Board effective 31 December 2022 and William Mullaney joined the Board effective 1 January 2023, so these Directors only received fees for that part of the financial year for which they were members of the Board.

The table of Directors' Remuneration set out on page 29 includes the actual amounts paid to each Director, including all post-employment benefits in Euro, the Company's reporting currency.

Under their letters of appointment, the Non-executive Directors are not entitled to participate in any share, bonus, retirement benefit or other scheme operated by the Company or any Group company.

In addition, all reasonable and documented expenses incurred in the performance of the Non-executive Directors' duties are reimbursed.

<sup>1</sup> Translated into Euro at a rate of AU\$/EUR 1.5555, being the average rate for the period to 30 June 2023.



## Service Contracts/Letters of Appointment

Details of the service contract for the Executive Director is outlined below.

Name	Title	Date of Contract	Notice Period by Company or Director
Michael Kelly	Chief Executive Officer and Founder	12 December 2018	12 months

Each of the Non-executive Directors has received an appointment letter from FINEOS, confirming their respective roles and responsibilities as Directors, and FINEOS' expectations of them as Non-executive Directors.

The appointment letter includes membership of any Board Committees, the fees to be paid and the time commitment expected. The letter also covers matters such as confidentiality, data protection and securities dealing policy. In addition, Non-executive Directors are expected to acquire a beneficial interest in CDIs equivalent to their annual fees within 36 months of their appointment (for those appointed in 2019, it was within 36 months of the Company's IPO in 2019).

Dates of appointment/retirement for the Non-executive Directors are set out below:

Name	Date of Appointment/Retirement
Anne O'Driscoll	25 July 2019
Gilles Biscay	Retired 31 December 2022
Martin Fahy	Retired 31 December 2022
David Hollander	15 October 2019
William Mullaney	1 January 2023

## Annual Report on Remuneration 2023

The following table sets out the total remuneration for Directors for the year ended 30 June 2023.

Director	Salary/fees €	Short-term incentives €	Post-employment benefits €	Other benefits €	Shares allotted €	Share awards gain on exercise €	LTIP €	Total 2023 €
<i>Executive Directors</i>								
Michael Kelly	390,800	60,040	–	3,546	–	–	–	454,386
Tom Wall	113,509	–	11,351	2,644	–	–	–	127,504
<i>Non-executive Directors</i>								
Anne O'Driscoll	107,078	–	11,045	–	–	–	–	118,123
Gilles Biscay	28,325	–	–	–	–	–	–	28,325
Martin Fahy	30,150	–	3,106	–	–	–	–	33,256
David Hollander	155,738	–	–	–	–	–	–	155,738
William Mullaney	46,296	–	–	–	–	–	–	46,296
<b>Total</b>	<b>871,896</b>	<b>60,040</b>	<b>25,502</b>	<b>6,190</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>963,628</b>



# Remuneration and Nomination Committee Report (continued)

## for the year ended 30 June 2023

The equivalent table of total remuneration for Directors for the year ending 30 June 2022 is as follows:

Director	Salary/fees €	Short-term incentives €	Post- employment benefits €	Other benefits €	Shares allotted €	Share awards gain on exercise €	LTIP €	Total 2022 €
<i>Executive Directors</i>								
Michael Kelly	390,592	100,000	–	3,411	–	–	–	494,003
Tom Wall	287,418	57,484	28,742	12,235	–	–	–	385,879
<i>Non-executive Directors</i>								
Anne O'Driscoll	102,778	–	10,294	–	–	–	–	113,072
Gilles Biscay	55,000	–	–	–	–	–	–	55,000
Martin Fahy	57,812	–	5,791	–	–	–	–	63,603
David Hollander	147,033	–	–	–	–	–	–	147,033
<b>Total</b>	<b>1,040,633</b>	<b>157,484</b>	<b>44,827</b>	<b>15,646</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,258,590</b>

### Directors' and Company Secretary's Interests in Company Shares

	Total CDIs held at 1 July 2022 <sup>(a)</sup>	Purchases/ Increase in indirect holdings	Acquired on exercise of options	Sales/ Reductions	Total shares/ CDIs held at 30 June 2023 <sup>(b)(c)</sup>	CDIs held nominally at 30 June 2023 <sup>(b)(d)</sup>
Anne O'Driscoll	107,399	–	–	–	107,399	47,399
Michael Kelly	168,557,949	1,346,098	–	–	169,904,047	1,302,146
Gilles Biscay	45,883	–	–	–	45,883	45,883
Natalie Climo	–	–	–	–	–	–
Martin Fahy	8,000	–	–	–	8,000	8,000
David Hollander	41,224	–	–	–	41,224	41,224
John McKnight	–	–	–	–	–	–
William Mullaney	–	10,000	–	–	10,000	10,000
Tom Wall	–	–	–	–	–	–

(a) Or date of appointment, if later. John McKnight was appointed as Joint Company Secretary on 7 September 2022. William Mullaney was appointed as a Non-executive Director on 1 January 2023.

(b) Or date of retirement if earlier. Tom Wall retired on 30 September 2022. Gilles Biscay and Martin Fahy retired on 31 December 2022.

(c) Total CDIs at 30 June 2023, or at date of retirement, represent CDIs held directly by the Director and indirectly by the relevant Director's related parties inclusive of domestic partners, dependents and entities jointly controlled or significantly influenced by the Director. They also represent the relevant interest in the Company's listed securities as notified by the Directors to the ASX in accordance with the ASX Listing Rules.

(d) Shares/CDIs held nominally are those CDIs registered in the name of the individual Director.

## Directors' Interests in Options

The only options on issue that were held by Directors during the year were as follows:

	Options held at 1 July 2022	Options issued	Options exercised	Options lapsed	Options held at 30 September 2022 <sup>(a)</sup>
Tom Wall	1,150,000	–	–	–	1,150,000

(a) Tom Wall retired on 30 September 2022.

See Note 19 for further detail on the Company's equity incentive schemes.

## Committee Activities

During FY23 the Committee continued to receive regular reporting from the Chief People Officer and the Chief Executive Officer on matters pertinent to the Committee's role. There was a particular focus on succession planning, reorganisation of roles and responsibilities amongst senior management to better align with the Company's needs and objectives, and diversity, equity and inclusion (DEI). Progress on DEI is included in the ESG report starting on page 4.

The Committee undertook a review of the Board's performance and has made some minor changes to the Board operations.

The Committee was also involved in the selection of the successor for the CFO role and seeking out replacement Directors in the context of two retirements from the Board. William Mullaney's deep life insurance experience in the US was a focus. The intent is to recruit another US-based Director by the end of calendar 2023 to bring further industry experience and, ideally, some more gender diversity.

The Committee and the Board have resolved that William Mullaney will assume the role of Chair of this Committee effective 1 September 2023.

On behalf of the Committee



**Anne O'Driscoll**

*Chair of the Remuneration and Nomination Committee*

# 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 and Company 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 and integrity 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



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**Michael Kelly**  
*Director*



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**David Hollander**  
*Director*

22 August 2023



**INDEPENDENT AUDITOR'S REPORT  
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 2023, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated and 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 International Financial Reporting Standards ('IFRS') as adopted by the European Union.

In our opinion the accompanying 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 2023 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 of opinion**

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further 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 for Auditors (Ireland) 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included the following:

- We obtained the cash flow forecasts prepared for the Group;
- We tested the clerical accuracy of the cash flow forecasts;
- We considered the consistency of the forecasts in line with other areas of our audit;
- We tested and challenged management on the key assumptions underlying the forecasts;
- We reviewed the supporting documentation for the funding options available to the Group including the nature of the facilities and their repayment terms; and
- We assessed the adequacy of the disclosures in the financial statements in relation to going concern.





# Independent Auditor's Report (continued)



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF

### FINEOS CORPORATION HOLDINGS PLC

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's or Group's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### 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 of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, 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.

We summarise below the key audit matters in forming our audit opinion above, together with an overview of the principal audit procedures performed to address each matter and, where relevant, key observations arising from those procedures.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<b>Revenue recognition</b> <b>(€125.0 million for the year ended 30 June 2023; 2022: €127.2 million). Refer to Note 2 (accounting policy) and Notes 4 and 16 (financial disclosures).</b>	We performed a number of procedures including the following:
The following are key considerations:	
<ul style="list-style-type: none"><li>• The significance of revenue to understanding the financial results for users of the financial statements.</li><li>• The extent of deferred revenue held by the Group and the assessment of its systematic release in line with relevant revenue recognition principles.</li><li>• The complexity involved in applying IFRS 15.</li><li>• The complexity associated with the varied nature of bespoke contracts in forming new commercial arrangements.</li></ul>	<ul style="list-style-type: none"><li>• Developed an understanding of and evaluated the operating effectiveness of relevant key revenue internal controls, including deferred revenue calculation and release controls;</li><li>• Use of IT audit to perform data reconciliations.</li><li>• Carried out detailed substantive testing;</li><li>• On a sample basis, recalculated the deferred and accrued portions of customer agreements and compared this to the amount deferred and accrued on the balance sheet;</li><li>• Assessed associated reconciliations including accounts receivable and deferred revenue for unusual reconciling items;</li><li>• Assessed the value of credit notes raised over the year and for a select period post year end; and</li><li>• Developed a risk-based approach to perform journal entry testing on a sample basis to determine the appropriateness of manual postings to revenue.</li></ul>

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF**  
**FINEOS CORPORATION HOLDINGS PLC**

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<p><b>Capitalisation of development expenditure (€26.7 million capitalised in the year ended 30 June 2023; 2022: €25.8 million). Refer to Note 2 (accounting policy) and Note 11 (financial disclosures).</b></p> <p>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 costs.</p> <p>The Group's process for calculating the value of internally developed software involves judgement as it includes estimating time which staff spend developing software, determining the value attributable to that time, and determining which projects being developed meet the criteria to be capitalised.</p>	<p>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, and the nature of the projects undertaken:</p> <ul style="list-style-type: none"> <li>Assessing the nature of a sample of projects against the requirements of IAS 38 to determine if they were capital in nature, and the status of ongoing projects;</li> <li>Assessing the procedures applied by the Group to review the rates applied to capitalise payroll costs;</li> <li>Assessing the effectiveness of controls over the payroll process;</li> <li>Assessing capitalised costs with reference to actual payroll information for a sample of employees; and</li> <li>assessing the adequacy of the disclosures related to capitalised development costs in the consolidated financial statements.</li> </ul>
Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<p><b>Impairment consideration relating to capitalised development expenditure (€81.9 million at 30 June 2023; 2022: €75.0 million). Refer to Note 2 (accounting policy) and Note 11 (financial disclosures).</b></p> <p>Intangible assets make up €137.3 million of the Group's non-current assets (2022: €136.0 million). The most significant of these intangibles is capitalised software development costs of €81.9 million at 30 June 2023 (2022: €75.0 million).</p> <p>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.</p> <p>The assessment as to whether there are any indicators of impairment requires judgement including consideration of both internal and external sources of information.</p>	<p>We assessed the factors that the Group considered regarding impairment of capitalised development costs and whether any indicators of impairment existed</p> <p>This included having regard to:</p> <ul style="list-style-type: none"> <li>Significant changes in the extent or manner in which the associated software is used;</li> <li>Potential or actual redundancy or disposal of developed software;</li> <li>Amortisation periods applied by the Group to develop software relative to its experience of software lifecycle;</li> <li>Significant changes in the market in which the assets are used; and</li> <li>Evaluating the Group's assessment that the useful lives of intangible assets are appropriate at year end.</li> </ul>

# Independent Auditor's Report (continued)



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FINEOS CORPORATION HOLDINGS PLC

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<p><b>Impairment consideration relating to goodwill (€32.2 million at 30 June 2023; 2022: €33.7 million). Refer to Note 2 (accounting policy) and Note 11 (financial disclosures).</b></p> <p>Goodwill of €32.2 million is recorded in the balance sheet at 30 June 2023 (2022: €33.7 million).</p> <p>Under IAS 36: Impairment of assets, the Group is required to review goodwill for impairment at least annually by assessing the recoverable amount of each cash-generating unit, or group of cash-generating units, to which the goodwill relates.</p> <p>This is a key audit matter given</p> <ul style="list-style-type: none"> <li>• The size of the balance relative to the total assets of the group,</li> <li>• The judgements involved in allocating goodwill; and</li> <li>• The forward-looking assumptions applied in the value-in-use model prepared in assessing the carrying value of goodwill (including forecasted cashflows, future growth rates and discount rates applied), which involve estimation and judgement.</li> </ul>	<p>We performed a number of procedures including the following:</p> <ul style="list-style-type: none"> <li>• We reviewed management's detailed assessment supporting the business having one cash generating element</li> <li>• We obtained a third party report in respect of an impairment review at the year end date, which included forecasts.</li> <li>• We evaluated management's assessment in relation to impairment of goodwill, particularly their methodology for determining value in use</li> <li>• We completed a detailed assessment of the assumptions underlying the impairment review and modelling, and evaluated these for reasonableness based on our knowledge of the business</li> <li>• We assessed management's forecast accuracy based on historical forecasts and results, and challenged the achievability of growth rates included in the model</li> <li>• We performed a sensitivity analysis on the impairment assessment, to consider the impact of changes in the underlying assumptions</li> </ul>

### Our application of materiality

We apply the concept of materiality in planning and performing the audit and in evaluating the impact of misstatements, if any. Materiality is an expression of the relative significance or importance of a matter in the context of the financial statements. Misstatements in the financial statements are material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken based on the financial statements.

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the consolidated financial statements as a whole as follows:

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
FINEOS CORPORATION HOLDINGS PLC**

Overall materiality	€1,875,000
How we determined it	1.5% of Group Revenue
Rationale for benchmark applied	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.
Performance materiality	<p>€1,312,500 which represents 70% of the overall materiality</p> <p>Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.</p> <p>In determining the current year performance materiality, we considered the following factors:</p> <ul style="list-style-type: none"> <li>a. The quality of the control environment and whether we were able to rely on controls,</li> <li>b. the amount and nature of control deficiencies,</li> <li>c. the nature, volume and size of misstatements (corrected and/or uncorrected) in the previous audit,</li> <li>d. prior period adjustments or errors found in the current year, and</li> <li>e. our assessment of engagement risk</li> </ul>
Reporting threshold	We agreed with those charged with governance that we would report to them misstatements identified during our audit above €56,250 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

We determined materiality for the Company to be €892,200 which is 1% of the parent company's net assets (excluding intercompany loans), deemed the most appropriate benchmark as the company is a holding company driven by its investments in its subsidiaries. We determined performance materiality for the Company to be €624,500.

**Overview of the scope of the audit**

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the Company, its environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
FINEOS CORPORATION HOLDINGS PLC**

**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.

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.

**Opinions on other matters prescribed by the Companies Act 2014**

In our opinion, based on the work undertaken in the course of the audit, we report that:

- The information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Directors' Report has been prepared in accordance with applicable legal requirements;
- The accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited; and
- The financial statements are in agreement with the accounting records.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

**Matters on which we are required to report by exception**

Based on the knowledge and understanding of the Group and the Company and their 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 requirements of any of Sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company.

We have nothing to report in this regard.



**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF**  
**FINEOS CORPORATION HOLDINGS PLC**

**Respective Responsibilities**

**Responsibilities of directors for the financial statements**

As explained more fully in the Directors' responsibilities statement set out on page 32, the Directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that they give a true and fair view, and for such internal control as management determines 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations.

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the Group and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to non-compliance with rules of the Australian Stock Exchange for companies trading securities on the Australian Stock Exchange, Companies Act 2014 and taxation legislation and we considered the extent to which non-compliance might have a material effect on the financial statements.

In identifying and assessing risks of material misstatement in respect to irregularities including non-compliance with laws and regulations, our procedures included but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the Group, the industry in which it operates and considered the risk of acts by the Group which were contrary to the applicable laws and regulations;
- Discussing with the directors and management the policies and procedures in place regarding compliance with laws and regulations;
- Discussing amongst the engagement team the identified laws and regulations, and remaining alert to any indications of non-compliance; and
- Focusing on areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussions with the directors (as required by auditing standards), from inspection of the Group's,



**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF**  
**FINEOS CORPORATION HOLDINGS PLC**

regulatory and legal correspondence and review of minutes of directors' meetings in the year. We also considered those other laws and regulations that have a direct impact on the preparation of financial statements.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud such as opportunities for fraudulent manipulation of financial statements, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

The primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

As a result of our procedures, we did not identify any key audit matters relating to irregularities. The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under "Key audit matters" within this report.

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority's website at: [http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](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.

**The purpose of our audit work and to whom we owe our responsibilities**

Our report is made solely to the 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 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

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

**22 August 2023**

# 2023





# Consolidated Statement of Comprehensive Income

for the year ended 30 June 2023

		2023 €	2022 €
	Note		
Revenue	4	125,036,147	127,247,699
Cost of sales		(39,339,640)	(44,212,991)
<b>Gross profit</b>		<b>85,696,507</b>	<b>83,034,708</b>
Product development and delivery		(61,347,992)	(54,408,871)
Sales and marketing		(7,943,329)	(7,013,893)
General and administration		(18,354,175)	(17,087,981)
Amortisation	11	(23,065,911)	(20,821,952)
Depreciation	12	(2,046,005)	(2,294,643)
Impairment	11	–	(12,559,945)
Other income	6	3,942,809	2,172,577
<b>Operating loss</b>		<b>(23,118,096)</b>	<b>(28,980,000)</b>
Finance income		37,780	282
Finance costs	7	(666,046)	(1,209,369)
<b>Loss on ordinary activities before taxation</b>	8	<b>(23,746,362)</b>	<b>(30,189,087)</b>
Income tax	9	2,328,051	4,193,014
<b>Loss for the financial year</b>		<b>(21,418,311)</b>	<b>(25,996,073)</b>
<b>Other comprehensive income for the year:</b>			
Foreign exchange differences on translation of operations of foreign subsidiaries and branches		(3,847,628)	10,606,709
<b>Total comprehensive loss for the year attributable to the equity holders of the parent</b>		<b>(25,265,939)</b>	<b>(15,389,364)</b>
<b>Basic and diluted (loss) per share (cents)</b>	10	<b>(6.69)</b>	<b>(8.23)</b>

All results relate to continuing operations.

The notes on pages 51 to 89 are an integral part of these financial statements.

# Consolidated Statement of Financial Position

as at 30 June 2023

	Note	30 June 2023 €	30 June 2022 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	11	137,324,768	136,016,927
Property, plant and equipment	12	5,176,225	5,736,171
Deferred tax	9	7,858,227	5,180,339
		150,359,220	146,933,437
<b>Current assets</b>			
Trade and other receivables	14	25,295,271	32,164,080
Cash and cash equivalents	15	25,516,941	44,311,366
		50,812,212	76,475,446
<b>Total Assets</b>		<b>201,171,432</b>	<b>223,408,883</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	16	45,695,648	42,484,985
<b>Non-current liabilities</b>			
Long-term liabilities	16	8,331,572	11,630,246
<b>Total liabilities</b>		<b>54,027,220</b>	<b>54,115,231</b>
<b>Capital and reserves</b>			
Called up share capital presented as equity	17	320,426	319,385
Share premium	17	170,175,323	169,717,173
Foreign exchange reserve	18	6,637,791	10,485,419
Other undenominated capital	18	1	1
Share option reserve	18	9,301,372	6,644,064
Reorganisation reserve	18	11,123,985	11,123,985
Retained earnings	18	(50,414,686)	(28,996,375)
<b>Total equity</b>		<b>147,144,212</b>	<b>169,293,652</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>201,171,432</b>	<b>223,408,883</b>

The notes on pages 51 to 89 are an integral part of these financial statements.

On behalf of the Board



**Michael Kelly**  
Director



**David Hollander**  
Director

22 August 2023

# Company Statement of Financial Position

as at 30 June 2023

	Note	30 June 2023 €	30 June 2022 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets	13	85,507,168	85,507,168
<b>Current assets</b>			
Trade and other receivables	14	86,814,256	68,873,909
Cash and cash equivalents	15	3,727,824	21,657,649
		90,542,080	90,531,558
<b>TOTAL ASSETS</b>		<b>176,049,248</b>	<b>176,038,726</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>	16	17,767	104,623
<b>Total liabilities</b>		<b>17,767</b>	<b>104,623</b>
<b>Capital and reserves</b>			
Called up share capital presented as equity	17	320,426	319,385
Share premium	17	170,175,323	169,717,173
Other undenominated capital	18	1	1
Reorganisation reserve	18	22,609,813	22,609,813
Retained earnings		(17,074,082)	(16,712,269)
<b>Total equity</b>		<b>176,031,481</b>	<b>175,934,103</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>176,049,248</b>	<b>176,038,726</b>

The notes on pages 51 to 89 are an integral part of these financial statements.

On behalf of the Board



**Michael Kelly**  
Director



**David Hollander**  
Director

22 August 2023



# Consolidated Statement of Changes in Equity

for the year ended 30 June 2023

	Called up share capital presented as equity €	Share premium €	Foreign exchange reserves arising on translation €	Other undominated capital €	Share option reserve €	Reorganisation reserve €	Retained earnings €	Total €
At 30 June 2021	301,677	124,239,947	(121,290)	1	3,796,560	11,123,985	(3,000,302)	136,340,578
Loss for the year	-	-	-	-	-	-	(25,996,073)	(25,996,073)
Other comprehensive income for the year	-	-	10,606,709	-	-	-	-	10,606,709
Total comprehensive income for the year	-	-	10,606,709	-	-	-	(25,996,073)	(15,389,364)
Issue of share capital	17,708	45,387,851	-	-	-	-	-	45,405,559
Reserves transfer from share options exercised	-	89,375	-	-	(89,375)	-	-	-
Share-based payment charge	-	-	-	-	2,741,585	-	-	2,741,585
Translation adjustment	-	-	-	-	195,294	-	-	195,294
At 30 June 2022	319,385	169,717,173	10,485,419	1	6,644,064	11,123,985	(28,996,375)	169,293,652

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

The notes on pages 51 to 89 are an integral part of these financial statements.



# Consolidated Statement of Changes in Equity (continued)

for the year ended 30 June 2023

	Called up share capital presented as equity €	Share premium €	Foreign exchange reserves arising on translation €	Other undominated capital €	Share option reserve €	Reorganisation reserve €	Retained earnings €	Total €
At 30 June 2022	319,385	169,717,173	10,485,419	1	6,644,064	11,123,985	(28,996,375)	169,293,652
Loss for the year	-	-	-	-	-	-	(21,418,311)	(21,418,311)
Other comprehensive income for the year	-	-	(3,847,628)	-	-	-	-	(3,847,628)
Total comprehensive income for the year	-	-	(3,847,628)	-	-	-	(21,418,311)	(25,265,939)
Issue of share capital	1,041	151,572	-	-	-	-	-	152,613
Reserves transfer from share options exercised	-	306,578	-	-	(306,578)	-	-	-
Share-based payment charge	-	-	-	-	3,083,648	-	-	3,083,648
Translation adjustment	-	-	-	-	(119,762)	-	-	(119,762)
At 30 June 2023	320,426	170,175,323	6,637,791	1	9,301,372	11,123,985	(50,414,686)	147,144,212

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

The notes on pages 51 to 89 are an integral part of these financial statements.

# Company Statement of Changes in Equity

for the year ended 30 June 2023

	Called up share capital presented as equity €	Share premium €	Other undenominated capital €	Reorganisation reserve €	Retained earnings €	Total €
<b>At 30 June 2021</b>	301,677	124,239,947	1	22,609,813	(2,913,469)	144,237,969
Loss for the year	-				(13,798,800)	(13,798,800)
Other comprehensive income for the year	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	(13,798,800)	(13,798,800)
Issue of share capital	17,708	45,387,851	-	-	-	45,405,559
Reserves transfer from share options exercised	-	89,375	-	-	-	89,375
<b>At 30 June 2022</b>	319,385	169,717,173	1	22,609,813	(16,712,269)	175,934,103

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

The notes on pages 51 to 89 are an integral part of these financial statements.



# Company Statement of Changes in Equity (continued)

for the year ended 30 June 2023

	Called up share capital presented as equity €	Share premium €	Other undominated capital €	Reorganisation reserve €	Retained earnings €	Total €
At 30 June 2022	319,385	169,717,173	1	22,609,813	(16,712,269)	175,934,103
Loss for the year	-	-	-	-	(361,813)	(361,813)
Other comprehensive income for the year	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>					(361,813)	(361,813)
Issue of share capital	1,041	151,572	-	-	-	152,613
Reserves transfer from share options exercised	-	306,578	-	-	-	306,578
At 30 June 2023	320,426	170,175,323	1	22,609,813	(17,074,082)	176,031,481

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

The notes on pages 51 to 89 are an integral part of these financial statements.

# Consolidated Statement of Cash Flows

for the year ended 30 June 2023

	Note	2023 €	2022 €
<b><i>Cash flows from operating activities</i></b>			
Group loss after tax		(21,418,311)	(25,996,073)
<b>Adjusted for:</b>			
Income tax	9	(2,328,051)	(4,193,014)
Finance costs	7	666,046	1,209,369
Finance income		(37,780)	(282)
Other income	6	(3,942,809)	(2,172,577)
Depreciation	12	2,046,005	2,294,643
Amortisation	11	23,065,911	20,821,952
Impairment	11	-	12,559,945
Lease expense	21	(1,909,884)	(2,818,210)
Movement in trade and other receivables		5,973,944	(3,792,496)
Movement in trade and other payables		6,105,852	8,294,702
Net tax paid		249,688	(494,485)
Research and development refund received		572,809	930,623
Effect of movement in exchange rates		(1,251,312)	2,537,886
Share-based payment expense	19	3,083,648	2,741,585
Other adjustment		46,197	-
Net cash flows generated from operating activities		10,921,953	11,923,568
<b><i>Cash flows from investing activities</i></b>			
Interest received		37,780	282
Payment for acquisition of subsidiary		(2,403,458)	-
Payment for property, plant and equipment	12	(436,067)	(847,236)
Payment for intangible assets	11	(27,002,761)	(25,972,356)
Net cash used in investing activities		(29,804,506)	(26,819,310)
<b><i>Cash flows from financing activities</i></b>			
Interest paid		(64,485)	(197,396)
Proceeds from issue of shares	17	152,613	46,151,132
Transaction costs	17	-	(745,573)
Net cash generated from financing activities		88,128	45,208,163
Net (decrease)/increase in cash and cash equivalents		(18,794,425)	30,312,421
Cash and cash equivalents at the beginning of the year		44,311,366	13,998,945
Cash and cash equivalents at the end of the year	15	25,516,941	44,311,366



# Company Statement of Cash Flows

for the year ended 30 June 2023

	Note	2023 €	2022 €
<b><i>Cash flows from operating activities</i></b>			
Company loss after tax		(361,813)	(13,798,800)
<b>Adjusted for:</b>			
Finance costs		7,466	124,164
Finance income		(292)	(48)
Impairment	13	-	13,638,550
Movement in trade and other receivables	14	(2,686)	(189)
Movement in trade and other payables	16	(86,856)	39,405
Effect of movement in exchange rates		(1,709)	(6,268)
Net cash flows used in operating activities		(445,890)	(3,186)
<b><i>Cash flows from investing activities</i></b>			
Interest received		292	48
Amounts advanced to Group companies		(17,629,374)	(24,029,166)
Payment for acquisition of subsidiary		-	-
Net cash used in investing activities		(17,629,082)	(24,029,118)
<b><i>Cash flows from financing activities</i></b>			
Interest paid		(7,466)	(117,270)
Issue of shares	17	152,613	46,151,132
Transaction costs	17	-	(745,573)
Net cash generated from financing activities		145,147	45,288,289
Net (decrease)/increase in cash and cash equivalents		(17,929,825)	21,255,985
Cash and cash equivalents at the beginning of the year		21,657,649	401,664
Cash and cash equivalents at the end of the year	15	3,727,824	21,657,649



# Notes to the Consolidated Financial Statements

## 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 that of enterprise claims and policy management software for Life, Accident and Health insurers and Employee Benefits providers. Foreign operations are included in accordance with the significant accounting policies set out in Note 2.

## 2. Summary of Significant Accounting Policies

### a) Basis of financial statements

#### Compliance with IFRS, new standards and interpretations

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.

#### New standards and interpretations

The following new standards, interpretations and standard amendments became effective for the Group as of 1 July 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

The following standard amendment was issued on 23 May 2023, effective immediately:

- International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12) — Application of the exception and disclosure of that fact.

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

#### IFRS and IFRIC interpretations being adopted in subsequent years

There are a number of standards, amendments to standards and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12); and
- International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12) — other disclosure requirements.

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Group.

#### Historical cost, presentation currency and going concern

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

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

#### Exemption from preparing Company statement of comprehensive income

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 loss for the year to 30 June 2023 was €361,813 (2022: €13,798,800).



# Notes to the Consolidated Financial Statements (continued)

## **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.

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 at a point in time or over time as contractual performance obligations are fulfilled and control of a product or service transfers to a customer.

### **Initial product licence fees**

Initial software licence revenue is recognised at a point in time when control is passed to the customer which is upon delivery of the software to the customer, provided that the Group has no significant related obligations or collection uncertainties remaining.

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 licenced 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. 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 from the support and maintenance services.

Income arising on 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 and support contracts**

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 performance obligations is 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. 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 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.

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.



# Notes to the Consolidated Financial Statements (continued)

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.

On the statement of financial position the Group presents the right-of-use asset of office rentals under 'property, plant and equipment' and the right-of-use asset of licences under 'intangible assets'. The movement on the right-of-use 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 Group 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 Group 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 Group'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 Group 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 Group 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 plan**

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'.

## Notes to the Consolidated Financial Statements (continued)

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) Interest income**

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

### **h) 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.

### **i) 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.

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 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.

#### **j) 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.

#### **k) 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.

To the extent that settlement of all or any part of consideration for a business combination is deferred, the fair value of the deferred component is determined through discounting the amounts payable to their present value at the date of exchange. The discount component is unwound as an interest charge in the Consolidated Income Statement over the life of the obligation. Any contingent consideration is recognised at fair value at the acquisition date and included in the cost of the acquisition. The fair value of contingent consideration at acquisition date is arrived at through discounting the expected payment to present value. In general, in order for contingent consideration to become payable, pre-defined revenue targets must be exceeded. Subsequent changes to the fair value of the contingent consideration will be recognised in profit or loss unless the contingent consideration is classified as equity, in which case it is not remeasured and settlement is accounted for within equity.

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. In the case of a business combination achieved in stages, the acquisition date fair value of the acquirer's previously-held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss. 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.

# Notes to the Consolidated Financial Statements (continued)

## I) Intangible assets

### **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.

Intangible assets are amortised on a straight-line basis over periods ranging from seven to 20 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.

### **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 disclosed separately on the face of 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.

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 three and 10 years. The amortisation expense is disclosed separately on the face of 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	20% to 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.

# Notes to the Consolidated Financial Statements (continued)

## **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 goodwill**

In the year in which a business combination is effected and where some or all of the goodwill allocated to a particular cash-generating unit (CGU) arose in respect of that combination, the CGU is tested for impairment prior to the end of the relevant annual period.

Goodwill is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment is considered to exist. Where the carrying value exceeds the estimated recoverable amount (being the greater of fair value less costs of disposal and value-in-use), an impairment loss is recognised by writing down goodwill to its recoverable amount.

The recoverable amount of goodwill is determined by reference to the CGU to which the goodwill has been allocated. Impairment losses arising in respect of goodwill are not reversed once recognised.

## **p) 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 first 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.

## q) **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. This is 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 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.

# Notes to the Consolidated Financial Statements (continued)

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 Group'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 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.

#### r) 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.

#### s) 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.

### 3. Significant Accounting Judgements, Estimates and Assumptions

In preparing these financial statements, the Group and Company make 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.

# Notes to the Consolidated Financial Statements (continued)

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 three 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 (excluding goodwill)**

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 (excluding goodwill) as at 30 June 2023 was €105,157,802 (2022: €102,366,571) (see Note 11).

#### **(c) Revenue recognition**

The Group recognises revenue in line with IFRS 15 *Revenue from Contracts with Customers*. Management applies judgement in determining the nature, variable consideration 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 is 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 2023 was €125,036,147 (2022: €127,247,699) (see Note 4).

#### **(d) Impairment of goodwill**

The impairment testing process requires management to make significant judgements and estimates regarding the future cash flows expected to be generated by CGUs to which goodwill has been allocated. 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 for which the future cash flow estimates have not been adjusted. The carrying amount of goodwill as at 30 June 2023 was €32,166,966 (2022: €33,650,356) (see Note 11).

### **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. The carrying amount of investments in subsidiaries in the Company statement of financial position at 30 June 2023 was €85,507,168 (2022: €85,507,168) (see Note 13).

## 4. Revenue

	2023 €	2022 €
<b>Amount of revenue by class of activity:</b>		
Annual subscriptions	62,406,216	53,832,632
Professional services	60,822,212	71,369,100
Initial product licence fees	1,807,719	2,045,967
	<b>125,036,147</b>	<b>127,247,699</b>
<b>Amount of revenue by market:</b>		
North America	97,659,804	101,023,550
APAC	21,234,679	21,231,506
EMEA	6,141,664	4,992,643
	<b>125,036,147</b>	<b>127,247,699</b>

### 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

In the 2023 financial year there were two customers that each accounted for 10% or more of the Group's revenue (2022: three customers), as follows:

	2023 €	2022 €
Client 1	19,335,470	26,399,568
Percentage of total revenue	15.5%	20.7%
Client 2	18,505,809	17,049,033
Percentage of total revenue	14.8%	13.4%
Client 3	n/a	13,266,714
Percentage of total revenue	n/a	10.4%

### Contract assets and contract liabilities

#### Contract assets

Contract assets are disclosed separately as unbilled receivables in Trade and other receivables amounting to €2,010,916 (2022: €573,242) (see Note 14).

#### Contract liabilities

Contract liabilities are disclosed separately as deferred revenue in Trade and other payables amounting to €29,974,987 (2022: €25,809,421) (see Note 16). 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.



# 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:

	2023 Number	2022 Number
Product development and delivery	778	755
Sales and marketing	26	30
Administration	51	53
	855	838

### The staff costs comprise:

	2023 €	2022 €
Wages and salaries	89,361,174	85,117,132
Social welfare costs	8,275,937	7,452,505
Pension costs	4,631,520	4,318,471
Share-based payment expense	3,083,648	2,741,585
	105,352,279	99,629,693

### Directors' remuneration

	2023 €	2022 €
Directors' remuneration in respect of qualifying services in respect of FINEOS Corporation Limited:		
Emoluments	938,126	1,213,763
Pension/superannuation	25,502	44,827
	963,628	1,258,590

The number of Directors to whom retirement benefits are accruing under defined contribution scheme pension/superannuation costs noted above is three (2022: three).

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

### 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 year, qualifying staff costs amounted to €26,724,612 (2022: €25,772,897).

## 6. Other Income

	2023 €	2022 €
Research and development tax credit	1,133,463	1,279,599
Gain on re-measurement of contingent consideration	2,805,846	892,978
Grant and other income	3,500	–
	<b>3,942,809</b>	<b>2,172,577</b>

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

## 7. Finance Costs

	2023 €	2022 €
Bank charges and interest	64,485	206,594
Lease interest	334,858	418,446
Unwinding of discount applicable to contingent consideration	266,703	584,329
	<b>666,046</b>	<b>1,209,369</b>

## 8. Loss on Ordinary Activities before Taxation

	2023 €	2022 €
The loss on ordinary activities before taxation is stated after charging/(crediting):		
Auditor's remuneration – Audit of Group companies	120,350	114,350
– Tax advisory services	10,150	10,150
Amortisation (Note 11)	23,065,911	20,821,952
Depreciation (Note 12)	2,046,005	2,294,643
Impairment (Note 11)	–	12,559,945
Research and development expense	21,787,508	17,471,091
Research and development tax credit (Note 6)	(1,133,463)	(1,279,599)
Share-based payment expense (Note 19)	3,083,648	2,741,585
Foreign exchange gain	(247,836)	(823,664)

## 9. Tax on Loss on Ordinary Activities

### (a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	2023 €	2022 €
<b>Current tax:</b>		
Overseas taxation	383,758	388,946
Adjustments in respect of previous years	57,344	(45,787)
<b>Total current tax</b>	<b>441,102</b>	<b>343,159</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(2,769,153)	(4,536,173)
<b>Tax on loss on ordinary activities</b>	<b>(2,328,051)</b>	<b>(4,193,014)</b>

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 on ordinary activities before taxation. The sources and tax effects of the differences are explained below:

	2023 €	2022 €
Loss on ordinary activities before tax	(23,746,362)	(30,189,087)
Loss on ordinary activities multiplied by the standard rate of tax of 12.5%	(2,968,295)	(3,773,636)
Depreciation greater than capital allowances	279,590	143,920
Short-term timing differences	(87,125)	(40,445)
Non-deductible expenses/non-taxable income	71,000	1,408,515
Higher tax charge on passive income	3,857	–
Higher rates of tax on foreign income	86,872	389,850
Research and development tax credits claimed	(350,089)	(319,203)
Adjustments in respect of previous years	57,344	(45,787)
Losses carried forward	3,347,948	2,579,945
Deferred tax	(2,769,153)	(4,536,173)
<b>Total tax charge</b>	<b>(2,328,051)</b>	<b>(4,193,014)</b>



(c) **Deferred tax asset**

<b>Group</b>	<b>2023</b> <b>€</b>	<b>2022</b> <b>€</b>
At beginning of year	5,180,339	546,596
Released to the statement of comprehensive income (Note 9(a))	2,769,153	4,536,173
Foreign exchange	(91,265)	97,570
<b>At end of year</b>	<b>7,858,227</b>	<b>5,180,339</b>
The deferred tax asset is analysed as follows:		
Timing differences between depreciation and capital allowances	209,512	204,972
Timing differences on holiday leave	494,365	511,693
Timing differences for losses	6,988,248	4,305,442
Other timing differences	166,102	158,232
<b>At end of year</b>	<b>7,858,227</b>	<b>5,180,339</b>

## 10. Earnings Per Share

	<b>2023</b> <b>€</b>	<b>2022</b> <b>€</b>
<b>Basic earnings per share</b>		
Loss attributed to ordinary shareholders	(21,418,311)	(25,996,073)
Weighted average number of ordinary shares outstanding	319,977,055	315,974,050
<b>Basic loss per share (cents)</b>	<b>(6.69)</b>	<b>(8.23)</b>

Basic loss 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.

	<b>2023</b> <b>€</b>	<b>2022</b> <b>€</b>
<b>Diluted earnings per share</b>		
Loss attributed to ordinary shareholders	(21,418,311)	(25,996,073)
Weighted average number of ordinary shares outstanding	319,977,055	315,974,050
<b>Diluted loss per share (cents)</b>	<b>(6.69)</b>	<b>(8.23)</b>

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.

# Notes to the Consolidated Financial Statements (continued)

## 11. Intangible Assets

Group 2023	Right-of-use assets €	Development expenditure €	Contract costs €	Computer software €	Technology €	Customer relationships €	Goodwill €	Total €
<b>Cost</b>								
At 30 June 2022	6,184,901	137,068,741	3,122,028	341,736	8,970,446	20,269,923	47,288,906	223,246,681
Additions	-	26,724,612	278,149	-	-	-	-	27,002,761
Translation adjustment	(4,384)	(464,106)	-	-	(395,440)	(893,548)	(2,084,611)	(3,842,089)
At 30 June 2023	6,180,517	163,329,247	3,400,177	341,736	8,575,006	19,376,375	45,204,295	246,407,353
<b>Amortisation and impairment</b>								
At 30 June 2022	5,213,044	62,084,451	1,941,900	341,736	2,203,918	1,806,155	13,638,550	87,229,754
Amortisation charged in the year	603,652	19,689,965	574,024	-	1,210,251	988,019	-	23,065,911
Translation adjustment	(4,170)	(350,397)	-	-	(141,483)	(115,809)	(601,221)	(1,213,080)
At 30 June 2023	5,812,526	81,424,019	2,515,924	341,736	3,272,686	2,678,365	13,037,329	109,082,585
<b>Net book amounts</b>								
At 30 June 2023	367,991	81,905,228	884,253	-	5,302,320	16,698,010	32,166,966	137,324,768
At 30 June 2022	971,857	74,984,290	1,180,128	-	6,766,528	18,463,768	33,650,356	136,016,927

Group 2022	Right-of-use assets €	Development expenditure €	Contract costs €	Computer software €	Technology €	Customer relationships €	Goodwill €	Total €
<b>Cost</b>								
At 30 June 2021	6,085,458	109,969,639	2,923,068	341,736	7,840,459	17,716,568	41,332,032	186,208,960
Additions	91,578	25,772,897	199,459	-	-	-	-	26,063,934
Translation adjustment	7,865	1,326,205	(499)	-	1,129,987	2,553,355	5,956,874	10,973,787
At 30 June 2022	6,184,901	137,068,741	3,122,028	341,736	8,970,446	20,269,923	47,288,906	223,246,681
<b>Amortisation and impairment</b>								
At 30 June 2021	3,964,967	44,416,145	1,295,465	341,736	860,248	708,343	-	51,586,904
Amortisation charged in the year	1,242,397	16,892,534	646,814	-	1,123,230	916,977	-	20,821,952
Impairment charged in the year	-	-	-	-	-	-	12,559,945	12,559,945
Translation adjustment	5,680	775,772	(379)	-	220,440	180,835	1,078,605	2,260,953
At 30 June 2022	5,213,044	62,084,451	1,941,900	341,736	2,203,918	1,806,155	13,638,550	87,229,754
<b>Net book amounts</b>								
At 30 June 2022	971,857	74,984,290	1,180,128	-	6,766,528	18,463,768	33,650,356	136,016,927
At 30 June 2021	2,120,491	65,553,494	1,627,603	-	6,980,211	17,008,225	41,332,032	134,622,056

## Development expenditure

In total, research and development costs for the Group amounted to €48,512,120 in 2023 (2022: €43,243,988), out of which €26,724,612 (2022: €25,772,897) 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 three and 10 years. The amortisation expense amounts to €19,689,965 in 2023 (2022: €16,892,534), of which €62,094 (2022: €105,000) relates to the amortisation of previously capitalised borrowing costs.

## Cash-generating units

Goodwill acquired through business combination activity is allocated to CGUs that are expected to benefit from synergies in that combination. For 2023 the Group has one CGU. Three CGUs were identified in 2022. This CGU represents the lowest level within the Group at which the associated goodwill is monitored for internal management purposes and is not larger than the operating segments determined in accordance with IFRS 8 *Operating Segments*.

During FY23 FINEOS evolved its Platform infrastructure such that all product offerings and any add-on functionalities and capabilities cannot operate without them being on the FINEOS Platform and each product offering or add-on functionalities cannot generate cash inflows on their own.

# Notes to the Consolidated Financial Statements (continued)

## Impairment testing methodology and results

Goodwill is subject to impairment testing on an annual basis at the financial year end. A value-in-use discounted cash flow model has been used at 30 June 2023 to value the one CGU. The cash flow forecasts are primarily based on a financial budget for year ending 30 June 2024, formally approved by the Board, and detailed management projections for years ending 30 June 2025 to 30 June 2027. These include projected revenues and operating margins determined with reference to historical Group experience, industry data and management's expectation for the future.

These forecasts are projected forward for a further six years to determine the basis for a terminal value. Projected cash flows beyond the initial evaluation period have been extrapolated using a long-term growth rate of 2.5%. This rate is based on the expected long-term inflation for the US of 2.0%, as forecasted by the Economics Intelligence Unit, plus a small real growth adjustment of 0.5%.

The value-in-use represents the present value of the future cash flows, including the terminal value, discounted at a rate appropriate to the CGU. The discount rates (post tax) used range from 11.1% to 11.4%; these rates are in line with the Group's estimated weighted average cost of capital, arrived at using the Capital Asset Pricing Model.

In 2023, the annual goodwill impairment testing process has resulted in no impairment being identified. In 2022, a goodwill adjustment of €13.6 million was recorded in respect of the Limelight CGU due to an increase in the weighted average cost of capital as a result of rising global interest rates and revised revenue forecasts due to continued economic uncertainty in the US market leading to delays and uncertainty on the allocated budgets of existing and prospective customers.

The assumptions underlying the 2022 value-in-use model projections resulted in a present value (using a post-tax discount rate of 10.35%) of €55.3 million and a related goodwill adjustment being recorded of €13.6 million, of which included in the operating loss was a goodwill impairment charge of €12.6 million and a further €1.0 million was related to the retranslation of the goodwill impairment charge to closing rates.

## Key assumptions and significant goodwill amounts

In 2023 all of the goodwill has been allocated to one CGU. In 2022 the goodwill allocated to the Limelight and Spraoi CGUs accounted for 89.0% and 11.0% of the total carrying amount of goodwill at 30 June 2022.

The additional disclosures required for the CGUs are as follows:

	2023 FINEOS Group	2022 Limelight	2022 Spraoi
Goodwill allocated to the CGU as at balance sheet date (thousands)	€32,167	€41,884	€5,404
Post-tax discount rate per annum	11.25%	10.35%	10.35%
Pre-tax discount rate per annum	12.11%	17.0%	16.1%
Long-term growth rate assumption	2.5%	2%	2%
Value in use (present value of future cash flows) (thousands)	€292,230	€55,296	€59,967
Carrying value (thousands)	€201,112	€68,935	€8,005
Headroom/(impairment) (thousands)	€91,118	(€13,639)	€51,962

The key assumptions and methodology used in respect of the CGUs are consistent with those described above. The values applied to each of the key estimates and assumptions are specific to the individual CGUs and were derived from a combination of internal and external factors and took into account the cash flows specifically associated with the business.

## Sensitivity analysis

Given the magnitude of the excess of value-in-use over carrying amount for the FINEOS CGU, and management's belief that the key assumptions are reasonable, management believes that it is not reasonably possible that there would be a change in the key assumptions such that the carrying amount would exceed the value-in-use. Consequently, no further disclosures relating to sensitivity of the value-in-use computations for the FINEOS CGU are considered to be warranted.

## 12. Property, Plant and Equipment

<b>Group 2023</b>	<b>Right-of-use assets €</b>	<b>Office equipment €</b>	<b>Computer equipment €</b>	<b>Fixtures and fittings €</b>	<b>Total €</b>
<b>Cost</b>					
At 30 June 2022	10,198,970	796,221	5,460,720	2,127,284	18,583,195
Additions	1,166,586	–	420,229	15,838	1,602,653
Modifications	5,585	–	–	–	5,585
Translation adjustment	(212,593)	(1,013)	(95,803)	(25,738)	(335,147)
<b>At 30 June 2023</b>	<b>11,158,548</b>	<b>795,208</b>	<b>5,785,146</b>	<b>2,117,384</b>	<b>19,856,286</b>
<b>Depreciation</b>					
At 30 June 2022	6,035,479	750,450	4,330,151	1,730,944	12,847,024
Charged in the year	1,115,003	33,186	741,436	156,380	2,046,005
Translation adjustment	(120,046)	(4,959)	(72,949)	(15,014)	(212,968)
<b>At 30 June 2023</b>	<b>7,030,436</b>	<b>778,677</b>	<b>4,998,638</b>	<b>1,872,310</b>	<b>14,680,061</b>
<b>Net book amounts</b>					
<b>At 30 June 2023</b>	<b>4,128,112</b>	<b>16,531</b>	<b>786,508</b>	<b>245,074</b>	<b>5,176,225</b>
At 30 June 2022	4,163,491	45,771	1,130,569	396,340	5,736,171

## Notes to the Consolidated Financial Statements (continued)

<b>Group 2022</b>	<b>Right-of-use assets €</b>	<b>Office equipment €</b>	<b>Computer equipment €</b>	<b>Fixtures and fittings €</b>	<b>Total €</b>
<b>Cost</b>					
At 30 June 2021	9,250,962	795,605	4,706,901	1,906,467	16,659,935
Additions	878,722	–	635,834	211,402	1,725,958
Translation adjustment	69,286	616	117,985	9,415	197,302
<b>At 30 June 2022</b>	<b>10,198,970</b>	<b>796,221</b>	<b>5,460,720</b>	<b>2,127,284</b>	<b>18,583,195</b>
<b>Depreciation</b>					
At 30 June 2021	4,747,630	709,645	3,366,642	1,599,816	10,423,733
Charged in the year	1,238,546	43,790	882,560	129,747	2,294,643
Translation adjustment	49,303	(2,985)	80,949	1,381	128,648
<b>At 30 June 2022</b>	<b>6,035,479</b>	<b>750,450</b>	<b>4,330,151</b>	<b>1,730,944</b>	<b>12,847,024</b>
<b>Net book amounts</b>					
<b>At 30 June 2022</b>	<b>4,163,491</b>	<b>45,771</b>	<b>1,130,569</b>	<b>396,340</b>	<b>5,736,171</b>
At 30 June 2021	4,503,332	85,960	1,340,259	306,651	6,236,202

## 13. Financial Assets

	<b>2023 €</b>	<b>2022 €</b>
<b>Company</b>		
Shares in Group undertakings – unlisted, at cost:		
At beginning of year	85,507,168	99,404,900
Return of capital from FINEOS International	–	(259,182)
Impairment of investment in FINEOS Corporation Inc.	–	(13,638,550)
<b>At end of year</b>	<b>85,507,168</b>	<b>85,507,168</b>

FINEOS International Ltd and FINEOS Europe Unlimited, a wholly owned subsidiary of FINEOS International Ltd, were placed into voluntary liquidation on 6 May 2022. Investments of FINEOS International Ltd were effectively distributed to FINEOS Corporation Holdings plc, and any funds owing to or from FINEOS International Ltd were discharged. A closing cash position of €259,182 was transferred to FINEOS Corporation Holdings plc in advance of this date and was accounted for as a return of capital.

DigIn Technologies LLC was officially dissolved with effect from 25 April 2022 and any funds owing to or from DigIn Technologies LLC were assigned to and assumed by FINEOS Corporation Inc. in advance of this date.

FINEOS Corporation Inc. owns 100% of the share capital of Limelight Health Inc. The Impairment of the Investment in FINEOS Corporation Inc. in the prior year resulted from the impairment of the Limelight Health CGU as detailed in Note 11.

Details of subsidiary undertakings are included in Note 27.



## 14. Trade and Other Receivables

	2023 €	2022 €
<b>Group</b>		
Trade receivables	17,351,780	25,726,450
Unbilled receivables	2,010,916	573,242
Other receivables	78,368	141,790
Prepayments	4,021,707	3,063,826
Research and development tax credits	618,834	970,267
Value added tax recoverable	1,025,083	1,001,832
Corporation tax recoverable	188,583	686,673
	<b>25,295,271</b>	<b>32,164,080</b>

	2023 €	2022 €
<b>Company</b>		
Other receivables	2,700	–
Prepayments	2,021	2,035
Amounts owed by subsidiary undertakings	86,809,535	68,871,874
	<b>86,814,256</b>	<b>68,873,909</b>

### 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 a provision for expected credit losses (see Note 24 (ii)).

### Unbilled receivables

Unbilled receivables refers to work performed/revenue earned but not yet invoiced to the customer due to billing arrangements.

### Taxes and tax credits

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

## 15. Cash and Cash Equivalents

	2023 €	2022 €
<b>Group</b>		
Cash and cash equivalents	25,516,941	44,311,366
	<b>2023 €</b>	<b>2022 €</b>
<b>Company</b>		
Cash and cash equivalents	3,727,824	21,657,649

There are no restrictions on the cash held.

## 16. Trade and Other Payables

	2023 €	2022 €
<b>Current</b>		
<b>Group</b>		
Trade payables	3,640,988	1,735,040
Corporation tax	336,337	234,902
Value added tax	36,092	10,478
Employee taxes and levies	1,294,918	1,312,422
Accruals	8,495,696	8,471,960
Deferred revenue	29,974,987	25,809,421
Research and development tax credit	927,262	1,126,376
Lease liabilities (Note 21)	989,368	1,424,662
Contingent consideration	–	2,359,724
	<b>45,695,648</b>	<b>42,484,985</b>
	2023 €	2022 €
<b>Company</b>		
Trade payables	–	25,706
Accruals	17,767	78,917
	<b>17,767</b>	<b>104,623</b>
	2023 €	2022 €
<b>Non-current</b>		
<b>Group</b>		
Lease liability (Note 21)	4,592,320	4,559,815
Research and development tax credit	3,739,252	4,452,225
Contingent consideration	–	2,618,206
	<b>8,331,572</b>	<b>11,630,246</b>

### *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.

#### *Deferred revenue*

Income arising on support contracts and 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.

#### *Contingent consideration*

A payment of €2,403,458 was made during the year. There are no future payments relating to contingent consideration, for which the Group may be liable. This is based on the expected payment amounts, and underlying performance metrics as set out in the updated letter of agreement dated 12 May 2022.

The movement in contingent consideration during the year was as follows:

	2023 €	2022 €
At 1 July	4,977,930	4,637,242
Discount unwinding	266,703	584,329
Translation adjustment	(35,329)	649,337
Payments during the year	(2,403,458)	-
Gain on re-evaluation	(2,805,846)	(892,978)
At 30 June	-	4,977,930

## 17. Called up Share Capital

	Nominal value (per share)	2023 €	2022 €
<b>Authorised share capital (Group and Company)</b>			
Ordinary shares	€0.001	4,500,000	4,500,000
<b>Issued share capital presented as equity</b>			
Ordinary shares	€0.001	320,426	319,385

# Notes to the Consolidated Financial Statements (continued)

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

<b>Issued share capital</b>	<b>No. of shares</b>	<b>Nominal value</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Total</b>
At 30 June 2022	319,384,787	€0.001	319,385	169,717,173	170,036,558
Share issue – exercise of share options	1,040,888	€0.001	1,041	151,572	152,613
	320,425,675		320,426	169,868,745	170,189,171
Transfer from share option reserve	–		–	306,578	306,578
<b>At 30 June 2023</b>	<b>320,425,675</b>	<b>€0.001</b>	<b>320,426</b>	<b>170,175,323</b>	<b>170,495,749</b>

The equivalent disclosure for the prior year is as follows:

<b>Issued share capital</b>	<b>No. of shares</b>	<b>Nominal value</b>	<b>Share capital €</b>	<b>Share premium €</b>	<b>Total €</b>
At 30 June 2021	301,676,608	€0.001	301,677	124,239,947	124,541,624
Share issue – equity raise	16,279,069	€0.001	16,279	43,660,015	43,676,294
Share issue – SPP	862,261	€0.001	862	2,329,134	2,329,996
Share issue – exercise of share options	566,849	€0.001	567	144,275	144,842
Transaction costs accounted for as a deduction from equity	–		–	(745,573)	(745,573)
	319,384,787		319,385	169,627,798	169,947,183
Transfer from share option reserve	–		–	89,375	89,375
<b>At 30 June 2022</b>	<b>319,384,787</b>	<b>€0.001</b>	<b>319,385</b>	<b>169,717,173</b>	<b>170,036,558</b>

## 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*

FINEOS Corporation Holdings plc ('FINEOS') was incorporated on 12 December 2018 and the Directors elected at that date to account for the restructure of the Group as a capital re-organisation rather than a business combination. 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. See Note 2(a) on page 35 of the Group's Annual Report for the year ended 30 June 2020 for further detail.

## 19. 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 consolidated statement of comprehensive income is as follows:

	2023 €	2022 €
Share-based payment expense	3,083,648	2,741,585

Details of the schemes operated by the Group are set out below.

### 2019 Equity Incentive Plan

The '2019 Equity Incentive Plan' was adopted by the Board on 24 June 2019 and approved by the shareholders of the Company on 9 July 2019. It became effective on Listing. The 2019 Equity Incentive Plan, administered by the Remuneration and Nomination Committee, allows for the grant of the following awards to employees and contractors: options, restricted share awards, RSU awards and performance awards. Total awards under the 2019 Equity Incentive Plan are subject to a limit of 5% of the ordinary issued share capital of the Company at any time and subject to annual rationalisation. The exercise of awards may be conditional upon the satisfaction of performance factors during a performance period as determined by the Remuneration and Nomination Committee and set out in each award agreement.

See the table below for further detail on the terms of options issued under the 2019 Equity Incentive Plan in the year to 30 June 2023.

Grant Date	No. of Share Options	Exercise price per option	Vesting conditions by shareholders	Contractual life of Options
Various grant dates	2,508,700	AU\$1.15 to AU\$1.79	Three-year service period	Expire seven years after date of grant
	2,508,700			

An expense of €3,083,648 was recognised during the financial year (2022: €2,741,585) relating to the award of options under the 2019 Equity Incentive Plan in the current year and prior years.

### 2012 Share Option Plan, 2015 Share Option Plan and 2019 Share Option and Retention Plan

Prior to listing, FINEOS International Limited, the previous ultimate parent undertaking of the Group, operated a 2012 Share Option Plan and a 2015 Share Option Plan. The options awarded were subject to a three-year service period and the occurrence of a 'triggering event', being the 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 as a result of purchasing and/or subscribing for shares under a trade sale or IPO.

In 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 a 2019 Share Option and Retention Plan. The options granted under the 2019 Share Option and Retention 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 were to vest six months after listing.

These 2015 and 2019 share option plans have now closed, and no further awards were issued under these plans in the current or prior financial year. An expense of €Nil was recognised during the financial year (2022: €Nil) relating to the February 2019 modification of options under the 2015 Share Option Plan and the grant of options under the 2019 Share Option Plan.



# Notes to the Consolidated Financial Statements (continued)

## *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 Group employees during the year.

	<b>2023 Number</b>	<b>2023 WAEP</b>	<b>2022 Number</b>	<b>2022 WAEP</b>
Outstanding at 1 July at €0.001 per share	21,430,139	1.32	16,215,222	1.17
Options granted	2,508,700	0.73	6,989,518	1.68
Options exercised	(1,040,888)	0.15	(566,849)	0.26
Options forfeited	(1,049,653)	2.25	(1,207,752)	2.34
<b>Outstanding at 30 June at €0.001 per share</b>	<b>21,848,298</b>	<b>1.18</b>	<b>21,430,139</b>	<b>1.32</b>
<b>Exercisable at 30 June at €0.001 per share</b>	<b>10,604,296</b>	<b>0.77</b>	<b>7,500,212</b>	<b>0.26</b>

For the share options not yet exercisable as at 30 June 2023 the weighted average remaining contractual life is 1.6 years (30 June 2022: 1.7 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 Company has 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 2023 (weighted average in each case):

	<b>2023 %</b>	<b>2022 %</b>
Dividend yield	0	0
Expected volatility	46.14	45.49
Risk free interest rate	1.55	1.34
Average expected life remaining in years	3.8	4.7



## 20. 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 lease commitments as follows:

	Land and buildings €	Software licenses €	Total €
<b>At 30 June 2023</b>			
Due within one year	1,183,734	107,494	1,291,228
Due within two to five years	4,397,728	107,494	4,505,222
Due after five years	779,656	–	779,656
	<b>6,361,118</b>	<b>214,988</b>	<b>6,576,106</b>
	Land and buildings €	Software licenses €	Total €
<b>At 30 June 2022</b>			
Due within one year	1,238,848	526,301	1,765,149
Due within two to five years	3,708,012	214,987	3,922,999
Due after five years	1,559,312	–	1,559,312
	<b>6,506,172</b>	<b>741,288</b>	<b>7,247,460</b>

## 21. Lease Liabilities

	2023 €	2022 €
<b>Group</b>		
Current lease liabilities	989,368	1,424,662
Non-current lease liabilities	4,592,320	4,559,815
<b>Total lease liabilities</b>	<b>5,581,688</b>	<b>5,984,477</b>

The Group's total lease liability over the years is as follows:

	2023 €	2022 €
Opening liability	(5,984,477)	(7,413,941)
Additions for the year	(1,166,586)	(970,300)
Modifications for the year	(5,651)	–
Interest for the year	(334,858)	(418,446)
Lease expense for the year	1,909,884	2,818,210
<b>Closing lease liability</b>	<b>(5,581,688)</b>	<b>(5,984,477)</b>
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 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 ranged from 3.2% to 7% (2022: 3.2% to 7%) per annum. The lower rate of 3.2% reflects the Group's overdraft facility rate and the higher rate of 7% reflects the borrowing rate on the loan drawn by the Group in 2017 and repaid in September 2019.

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 11 and 12.

## 22. Controlling Party

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

## 23. Pension Commitments

The Group operates defined contribution pension schemes. The Group's contributions are charged to the statement of comprehensive income in the year to which they relate and amounted to €4,631,520 (2022: €4,318,471). An amount of €409,299 was payable at the year end (2022: €552,674).

## 24. 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.

	<b>Total</b>	<b>Within</b>	<b>Between</b>	<b>Over</b>
<b>30 June 2023</b>	<b>€</b>	<b>1 year</b>	<b>1 to 5 years</b>	<b>5 years</b>
		<b>€</b>	<b>€</b>	<b>€</b>
<b>Group</b>				
Financial liabilities	43,779,018	43,779,018	–	–
Finance lease	5,581,688	989,368	3,845,604	746,716
Research and development tax credit	4,666,514	927,262	3,074,904	664,348
	<b>54,027,220</b>	<b>45,695,648</b>	<b>6,920,508</b>	<b>1,411,064</b>
<b>30 June 2022</b>	<b>€</b>	<b>Within</b>	<b>Between</b>	<b>Over</b>
		<b>1 year</b>	<b>1 to 5 years</b>	<b>5 years</b>
		<b>€</b>	<b>€</b>	<b>€</b>
<b>Group</b>				
Financial liabilities	37,574,223	37,574,223	–	–
Finance lease	5,984,477	1,424,662	3,116,454	1,443,361
Research and development tax credit	5,578,601	1,126,376	3,121,294	1,330,931
Contingent consideration	4,977,930	2,359,724	2,618,206	–
	<b>54,115,231</b>	<b>42,484,985</b>	<b>8,855,954</b>	<b>2,774,292</b>

#### 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.



# Notes to the Consolidated Financial Statements (continued)

The analysis of the carrying amounts of the financial instruments of the Group required under IFRS 9 *Financial Instruments* is as set out below:

<b>Financial assets that are debt instruments measured at amortised cost</b>	<b>Group 2023 €</b>	<b>Group 2022 €</b>
Trade receivables	17,351,780	25,726,450
Cash and cash equivalents	25,516,941	44,311,366
<b>Financial liabilities at amortised cost</b>		
Trade payables	3,640,988	1,735,040
Lease liabilities	5,581,688	5,984,477

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 has 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:*

<b>At 30 June 2023</b>	<b>Current</b>	<b>1 month</b>	<b>2 months</b>	<b>3 months</b>	<b>4+ months</b>	<b>Balance</b>
Trade receivables as at 30 June 2023	14,958,811	2,176,826	178,725	4,135	39,197	17,357,694
Expected credit losses %	0%	0%	1%	5%	10%	
<b>Loss allowance</b>	<b>-</b>	<b>-</b>	<b>1,787</b>	<b>207</b>	<b>3,920</b>	<b>5,914</b>

<b>At 30 June 2022</b>	<b>Current</b>	<b>1 month</b>	<b>2 months</b>	<b>3 months</b>	<b>4+ months</b>	<b>Balance</b>
Trade receivables as at 30 June 2022	16,105,932	6,883,296	1,524,789	1,292,026	285	25,806,328
Expected credit losses %	0%	0%	1%	5%	10%	
<b>Loss allowance</b>	<b>-</b>	<b>-</b>	<b>15,248</b>	<b>64,601</b>	<b>29</b>	<b>79,878</b>

### (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, Australian dollar and New Zealand dollar. During the year, the Group used foreign currency forward exchange contracts to hedge its exposure. However, at the year end the Group had no outstanding contracts in place.

#### Sensitivity analysis

At 30 June 2023, 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 set out overleaf:

	2023 €	2022 €
NZ\$	200,044	201,825
AU\$	(87,242)	(88,187)
US\$	1,564,732	1,602,394
CAN\$	379,395	278,579
GBP	48,609	60,451
PLN	(82,370)	(87,836)
INR	(50,767)	(23,963)
	1,972,401	1,943,263

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 variable rate instruments on the statement of financial position at 30 June 2023. 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.

	2023 €	2022 €
<b>Fixed rate instruments – nominal amount</b>		
Financial liabilities	–	–



## 25. Related Party Transactions

A Group subsidiary, FINEOS Corporation Limited (Ireland), is party to a lease arrangement with 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 year was €779,656 (2022: €779,656). The total rent due at 30 June 2023 was €Nil (2022: €Nil).

In common with other companies, which are members of a group of companies, the financial statements reflect the effect of such membership.

### **Key management personnel**

All Directors of the FINEOS Group are considered key management personnel. The current Directors are set out on page 18 of the Annual Report. Total remuneration in respect of these individuals is split as follows:

	2023 €	2022 €
Wages and salaries	938,126	1,213,763
Employer's PRSI	39,189	39,189
Pension	25,502	44,827
	<b>1,002,817</b>	<b>1,297,779</b>

During the financial year ended 30 June 2023, 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.

## 26. 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 any 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.

Given that the Group has no external borrowings, the gearing ratio has been reflected as Nil.



The gearing ratio of the Group at 30 June 2023 was as follows:

	<b>Group 2023 €</b>	<b>Group 2022 €</b>
Total borrowings	–	–
Less: cash and cash equivalents	(25,516,941)	(44,311,366)
Net funds	(25,516,941)	(44,311,366)
Total equity	147,144,212	169,293,652
<b>Total capital</b>	<b>147,144,212</b>	<b>169,293,652</b>
<b>Gearing ratio</b>	<b>Nil</b>	<b>Nil</b>

## 27. Subsidiary Undertakings

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

<b>Subsidiary Undertaking</b>	<b>Country of Incorporation</b>	<b>Principal Activity</b>
FINEOS Corporation Limited	Republic of Ireland	Innovator of enterprise claims management and policy administration software
FINEOS UK Limited	United Kingdom	Provision of professional services to its parent undertaking
FINEOS Corporation Inc.	United States of America	Provision of professional services and sales and marketing services to its parent undertaking
FINEOS Australia Pty Limited	Australia	Provision of professional services and sales and marketing services to its parent undertaking
FINEOS New Zealand Limited	New Zealand	Provision of professional services to its parent undertaking
FINEOS Polska S.p Z.o.o	Poland	Provision of product engineering services to its parent undertaking
FINEOS Canada Limited	Canada	Provision of professional services to its parent undertaking
FINEOS Hong Kong Limited	Hong Kong	Provision of sales and marketing services to its parent undertaking
FINEOS Esp Entity, S.L.U	Spain	Provision of product engineering services to its parent undertaking
Limelight Health Inc.	United States of America	Provision of professional services and sales and marketing services to its parent undertaking
FINEOS India Private Limited	India	Provision of product engineering services to its parent undertaking

# Notes to the Consolidated Financial Statements (continued)

Details of registered offices are listed below:

<b>Incorporated in Ireland</b>	<b>Registered Address</b>
FINEOS Corporation Limited	FINEOS House, East Point Business Park, Dublin 3, D03 FT97
<b>Incorporated in the United Kingdom</b>	<b>Registered Address</b>
FINEOS UK Limited	C/O BDO LLP Two Snowhill, 7th Floor, Birmingham, B4 6GA
<b>Incorporated in the United States of America</b>	<b>Registered Address</b>
FINEOS Corporation Inc.	75 State Street, Suite 100, Boston, MA 02109
Limelight Health Inc.	26 O'Farrell Street, Suite 410, San Francisco, CA 94108
<b>Incorporated in Australia</b>	<b>Registered Address</b>
FINEOS Australia Pty Limited	North Tower Level 22, 459 Collins Street, Melbourne, VIC 3000
<b>Incorporated in New Zealand</b>	<b>Registered Address</b>
FINEOS New Zealand Limited	Offices of DLA Phillips Fox, Level 22, DLA Phillips Fox Tower, 209 Queen Street, Auckland 1010
<b>Incorporated in Poland</b>	<b>Registered Address</b>
FINEOS Polska S.p Z.o.o	ul. Cypriana Kamila Norwida 2, 80-280 Gdansk
<b>Incorporated in Canada</b>	<b>Registered Address</b>
FINEOS Canada Limited	900-1959 Upper Water Street, Halifax, NS, B3J 3N2
<b>Incorporated in Hong Kong</b>	<b>Registered Address</b>
FINEOS Hong Kong Limited	16th floor, Wing On Centre, 111 Connaught Road Central
<b>Incorporated in Spain</b>	<b>Registered Address</b>
FINEOS Esp Entity, S.L.U	C/ Castelló 8, 2 <sup>a</sup> B, 28001 Madrid, Spain
<b>Incorporated in India</b>	<b>Registered Address</b>
FINEOS India Private Limited	23, Siva Archade, 29th Main, BTM Layout 1st Stage, Bangalore KA 560068

## 28. Events Subsequent to the Year End

FINEOS undertook an equity raising on 15 August 2023 to provide general working capital, strengthen the FINEOS balance sheet position and maintain flexibility for timing of cash flows. FINEOS successfully completed a fully underwritten institutional placement, raising approximately AU\$35 million through the issue of approximately 15.5 million new fully paid CHESS Depositary Interests over FCL shares ('CDIs'). The placement was undertaken at an offer price of AU\$2.25 per new CDI.

A further AU\$5 million conditional placement was made to Michael Kelly, Director and CEO of FINEOS, also at an offer price of AU\$2.25 per new CDI and is subject to FINEOS securityholder approval at the AGM in December 2023.

FINEOS is also undertaking a non-underwritten Security Purchase Plan ('SPP') to raise up to AU\$5 million, which will complete in September 2023.

## 29. Prior Year Comparatives

A deferred tax asset of €5,180,339 classified as a current asset in the Consolidated Statement of Financial Position at 30 June 2022 has been reclassified as a non-current asset in the prior year comparatives. This reclassification has had no impact on the Group's prior year total assets or results.

## 30. Approval of Consolidated Financial Statements

The consolidated financial statements and Company statement of financial position in respect of the year ended 30 June 2023 were approved and authorised for issue by the Directors on 22 August 2023.



# Additional Security Holder Information

Information required by ASX Listing Rules and not disclosed elsewhere in this document is set out below. The information is correct as of 16 August 2023 unless otherwise indicated.

FINEOS is incorporated in Dublin, Ireland. Its securities, in the form of Chess Depositary Interests (CDIs) in FINEOS shares, are listed on the ASX and are not listed on any other securities exchange.

Since Chess Deposit Nominees Pty Limited (CDN) is the legal holder of applicable shares but the holders of CDIs are not themselves the legal holders 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 the 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.

## Securities on issue

There are 320,445,675 CDIs on issue held by 3,813 registered holders.

The number of securities held by substantial security holders are set out below:

	Balance	%
JACQUEL INVESTMENTS LIMITED	168,601,901	52.6

There are no securities subject to voluntary escrow.

There are 21,958,264 unlisted options issued and held by 794 option holders.

## Distribution spread of security holdings

Holding Ranges	Holders	Total Units	%
1-1,000	1,859	840,660	0.26
1,001-5,000	1,201	3,005,994	0.94
5,001-10,000	364	2,823,344	0.88
10,001-100,000	352	8,359,390	2.61
100,001-9,999,999,999	37	305,416,287	95.31
Totals	3,813	320,445,675	100.00

## Top 20 Security Holders

	Balance	%
JACQUEL INVESTMENTS LIMITED	168,601,901	52.6
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	32,494,941	10.1
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	28,919,605	9.0
BNP PARIBAS NOMS PTY LTD <DRP>	14,269,765	4.5
CITICORP NOMINEES PTY LIMITED	14,230,369	4.4
AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	9,252,729	2.9
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	8,636,191	2.7
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	7,583,642	2.4
MIRRABOOKA INVESTMENTS LIMITED	4,168,501	1.3
UBS NOMINEES PTY LTD	4,086,859	1.3
AMCIL LIMITED	1,790,000	0.6
DJERRIWARRH INVESTMENTS LIMITED	1,398,891	0.4
MR MICHAEL KELLY	1,302,145	0.4
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,255,457	0.4
POWERWRAP LIMITED <ESCALA SMA TRADING A/C>	921,306	0.3
NATIONAL NOMINEES LIMITED	788,072	0.2
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	608,287	0.2
MR WILLIAM DALY	570,724	0.2
TELUNAPA PTY LTD <TELUNAPA CAPITAL A/C>	500,000	0.2
INVIA CUSTODIAN PTY LIMITED <SELECTOR FUND A/C>	454,531	0.1
<b>Total Securities of Top 20 Holdings</b>	<b>301,833,916</b>	<b>94.2</b>
<b>Total of Securities</b>	<b>320,445,675</b>	

## Unmarketable Parcels (UMP) (based on a share price of \$2.15)

Total Securities/Issued Capital	UMP Securities	UMP Holders	UMP Percent
320,445,675	68,801	526	0.02147



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# Company Information

## Directors

Anne O'Driscoll (Chairman)  
Michael Kelly  
David Hollander  
William Mullaney

## Joint Company Secretary

John McKnight

## Joint Company Secretary

Natalie Climo

## Registered Office

FINEOS House,  
East Point Business Park,  
Dublin 3, Ireland

Ph: +353 1 639 9700

North Tower Level 22, 459 Collins Street,  
Melbourne, VIC 3000  
Australia

Ph: +61 3 9018 3400

## Registered Number

639640

## Solicitors

William Fry  
2 Grand Canal Square,  
Dublin 2, Ireland

## Bankers

Bank of Ireland  
Lower Baggot Street,  
Dublin 2, Ireland

HSBC Bank  
1 Grand Canal Square,  
Dublin 2, Ireland

## Auditors

Mazars  
Chartered Accountants and Statutory Audit Firm  
Harcourt Centre,  
Block 3,  
Harcourt Road,  
Dublin 2, Ireland

## Share Registry

Boardroom Pty Ltd  
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Australia

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