# Omada A/S

Østerbrogade 135, 2100 København Ø

CVR no. 25 35 74 69

# Annual report 2015

Approved at the annual general meeting of shareholders on 28 April 2016

Chairman:

.............................................

Building a better
working world

## Contents

## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Omada A/S for the financial year 1 January - 31 December 2015.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2015 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend the adoption of the annual report at the annual general meeting.

Copenhagen, 28 April 2016
Executive Board:

| | | |
|---|---|---|
| Morten Boel Sigurdsson<br>Chief Executive Officer | Christian Stendevad<br>Executive Vice President, Sales | Jacob Olsen<br>Chief Financial Officer |

Board of Directors:

| | | |
|---|---|---|
| Peter Bubandt Colsted<br>Chairman | Vladimir Kuznetsov | Elbrun Kweilen Hatleskog |
| Morten Boel Sigurdsson | Niels Molzen | |

## Independent auditors' report

To the shareholders of Omada A/S

### Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of Omada A/S for the financial year 1 January - 31 December 2015, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies for the group as well as the company, and a cash flow statement for the group. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

***Management's responsibility for the consolidated financial statements and the parent company financial statements***

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' responsibility***

Our responsibility is to express an opinion on the consolidated financial statements and the parent Company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements according to Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors considers internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

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

Our audit has not resulted in any qualification.

***Opinion***

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2015 and of the results of the Group's and the Company's operations, and the consolidated cash flow for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

## Independent auditors' report

### Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 28 April 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28

| | |
|---|---|
| Robert Christensen | Thomas Kühn |
| state authorised public accountant | state authorised public accountant |

# Management's review

## Company details

| | |
|---|---|
| Name | Omada A/S |
| Address, Postal code, City | Østerbrogade 135, 2100 København Ø |
| CVR No. | 25 35 74 69 |
| Established | 4 May 2000 |
| Registered office | Københavns kommune |
| Financial year | 1 January - 31 December |
| Website | www.omada.dk |
| Telephone | +45 70 25 00 69 |
| Board of Directors | Peter Bubandt Colsted, Chairman<br>Vladimir Kuznetsov<br>Elbrun Kweilen Hatleskog<br>Morten Boel Sigurdsson<br>Niels Molzen |
| Executive Board | Morten Boel Sigurdsson, Chief Executive Officer<br>Christian Stendevad, Executive Vice President, Sales<br>Jacob Olsen, Chief Financial Officer |
| Auditors | Ernst & Young Godkendt Revisionspartnerselskab<br>Osvald Helmuths Vej 4, P O Box 250, 2000 Frederiksberg, Denmark |
| Bankers | Danske Bank<br>Nordea |

# Management's review

## Financial highlights for the Group

| DKKt | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| **Key figures** | | | | | |
| Gross margin | 100,859 | 83,458 | 62,420 | 59,385 | 67,308 |
| Operating profit | 28,262 | 26,222 | 13,797 | 7,388 | 12,492 |
| Net financials | -30 | -59 | -358 | -242 | -257 |
| **Profit/loss for the year** | **20,656** | **20,154** | **10,621** | **4,790** | **9,138** |
| Total assets | 82,230 | 60,357 | 54,108 | 45,913 | 53,216 |
| **Equity** | **37,301** | **22,861** | **13,539** | **16,118** | **21,902** |
| **Financial ratios in %** | | | | | |
| Return on assets | 39.6 % | 45.8 % | 27.6 % | 14.9 % | 22.3 % |
| Solvency ratio | 45.4 % | 37.9 % | 25.0 % | 35.1 % | 41.2 % |
| Return on equity | 68.7 % | 110.7 % | 71.6 % | 25.2 % | 37.1 % |
| **Average number of employees** | **87** | **67** | **58** | **71** | **68** |
| Number of employees at the balance sheet date | 100 | 71 | 62 | 57 | 75 |

## Operating review

### The Group's business review

*Strong 2015 performance in line with growth plan*

In 2015, Omada continued the implementation of its growth strategy. The planned growth on topline as well as the targeted earnings were met.

The implementation of the strategy has resulted in increased growth in contracts with new international clients. Moreover, the long-term business relationships with a range of clients in the existing customer portfolio have been extended.

In 2015, Omada continued to increase its investments in its Identity & Access Governance software suite - enabling organisations across industries and markets to achieve compliance, reduce risk exposure, and maximize efficiency.

Omada delivers its products to the marketplace through an expanding network of international partners who are supported by Omada. Omada's partners include systems integrators and other partners who provide enterprise-ready identity solutions across heterogeneous IT platforms on premises and in the cloud, based on Omada's products.

Omada also delivers directly to clients in a few select markets via its own professional services organisation.

*Strong outlook with New Business Plan for 2016-20 to accelerate Omada's growth plan*

As a part of its growth strategy, Omada on-boarded a strategic minority investor, C5 Capital, in May 2015. C5 Capital is Europe's first dedicated investor in the data and security sector, and its investment in Omada amounted to USD 25 million.

During 2015, Omada created an ambitious 5-year business plan for 2016-2020. The business plan reflects Management's ambition to fully exploit Omada's potential as a company, IT software products, knowledge base and unique delivery approach. The delivery approach ensures general high standards of quality in customer deliverables, leading to high customer satisfaction and long-term relationships.

# Management's review

## Operating review

The business plan includes a series of strategic initiatives, including increased investments in organisational ramp-up and preparing the organisation for accelerated growth. These initiatives include enhanced product development, sales and marketing activities and implementation of a new global partner program. The initiatives are long term and require large strategic investments which will impact future earnings in coming years. The aim is to gain a significantly increased market share in a growing market. As a consequence, profit is budgeted to be reduced for the years to come.

### Financial review

Omada has achieved significant double digit revenue growth. Omada also increased profits in 2015. The Group income statement 2015 shows a profit after tax of DKK 20,656 thousand compared to DKK 20,154 thousand in 2014. The balance sheet shows equity of DKK 37,301 thousand.

### Knowledge resources

As a provider of software solutions, the R&D activities, knowledge base and services are of key importance to Omada.

Omada is continuously focused on the development of innovative products and services by attracting and retaining the very best talent in the marketplace. The Company proactively works to retain and inspire employees by providing an attractive workplace, competitive terms, and well-balanced incentive structures.

### Special risks

Omada operates on a range of international markets and therefore profit and loss can be impacted by currency fluctuations.

As Omada has well-established local subsidiaries, the risk is low as revenues and the cost base are to a certain degree in the same currency. Management continuously evaluates the risk and potential risk mitigation.

### Impact on the external environment

As a software vendor, the environmental impact of Omada's business model is limited. Omada nevertheless operates its business, office routines and practices on a good citizen principle with routines for environmental protective waste processing, etc.

### Research and development activities

Throughout 2015, Omada continued to invest significantly in improving and enhancing its award winning software "Omada Identity Suite". During the year, the company delivered significant enhancements to the software suite.

In May 2015, Omada released a major release of Omada Identity Suite. The improvements are significant and provide an even stronger foundation to support future sales and growth.

In October, Omada released the new Governance As a Service - A strategic important milestone for Omada to provide products and services both on customer premises and in the cloud.

The 2016-2020 Business Plan involves increased investments in innovative R&D activities.

### Foreign branches

In all foreign branches Omada has experienced a strong performance in both revenues and profits. Omada has continued to expand the company's footprint in the markets by successfully entering into contracts and relationships with new strategic customers and partners.

### Post balance sheet events

No significant events have occurred subsequent to the financial year.

# Management's review

## Operating review

### Outlook

Since closing the annual accounts, no events have occurred which would change the Company's financial position.

The start to the year and outlook for 2016 is in line with expectations and the business plan for 2016-2020.

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Income statement

| | | Group | | Parent company | |
|---|---|---|---|---|---|
| Note | DKK'000 | 2015 | 2014 | 2015 | 2014 |
| | **Gross profit** | 100,859 | 83,458 | 22,516 | 18,811 |
| 2 | Staff costs | -65,429 | -50,128 | -5,357 | -5,359 |
| 3 | Amortisation/depreciation and impairment of intangible assets and property, plant and equipment | -7,168 | -7,108 | -7,168 | -7,108 |
| | **Operating profit** | 28,262 | 26,222 | 9,991 | 6,344 |
| | Income from investments in group entities | 0 | 0 | 13,399 | 13,420 |
| 4 | Financial income | 489 | 160 | 121 | 47 |
| 5 | Financial expenses | -519 | -219 | -556 | -375 |
| | **Profit before tax** | 28,232 | 26,163 | 22,955 | 19,436 |
| 6 | Tax for the year | -7,576 | -6,009 | -2,299 | -1,594 |
| | **Profit for the year** | 20,656 | 20,154 | 20,656 | 17,842 |
| | Minority interests' in the profit or loss for the year | 0 | -2,311 | 0 | 0 |
| | **Profit for the year after non-controlling interests** | 20,656 | 17,843 | 20,656 | 17,842 |

| | | |
|---|---|---|
| **Proposed profit appropriation** | | |
| Extraordinary dividend distributed | 8,950 | 8,500 |
| Net revaluation reserve according to the equity method | 9,753 | 9,370 |
| Retained earnings/accumulated loss | 1,953 | -28 |
| | 20,656 | 17,842 |

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Balance sheet

| Notes | DKK'000 | Group 2015 | Group 2014 | Parent company 2015 | Parent company 2014 |
|---|---|---|---|---|---|
| | **ASSETS** | | | | |
| | **Non-current assets** | | | | |
| 7 | **Intangible assets** | | | | |
| | Completed development projects | 14,811 | 14,106 | 14,811 | 14,106 |
| | | 14,811 | 14,106 | 14,811 | 14,106 |
| 8 | **Property, plant and equipment** | | | | |
| | Other fixtures and fittings, tools and equipment | 345 | 312 | 334 | 307 |
| | | 345 | 312 | 334 | 307 |
| 9 | **Investments** | | | | |
| | Investments in group entities, net asset value | 0 | 0 | 25,517 | 14,008 |
| | Other receivables | 643 | 709 | 639 | 623 |
| | | 643 | 709 | 26,156 | 14,631 |
| | **Total non-current assets** | 15,799 | 15,127 | 41,301 | 29,044 |
| | **Current assets** | | | | |
| | **Receivables** | | | | |
| | Trade receivables | 43,483 | 25,430 | 39,460 | 22,870 |
| | Work in progress for third parties | 893 | 0 | 72 | 0 |
| | Receivables from group entities | 0 | 0 | 3,094 | 7,948 |
| | Income taxes receivable | 0 | 0 | 2,826 | 508 |
| | Other receivables | 55 | 2,576 | 6 | 2,506 |
| | Prepayments | 520 | 140 | 507 | 42 |
| | | 44,951 | 28,146 | 45,965 | 33,874 |
| | **Cash** | 21,480 | 17,084 | 14,179 | 12,409 |
| | **Total current assets** | 66,431 | 45,230 | 60,144 | 46,283 |
| | **TOTAL ASSETS** | 82,230 | 60,357 | 101,445 | 75,327 |

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Balance sheet

| | | Group | | Parent company | |
|---|---|---|---|---|---|
| Notes | DKK'000 | 2015 | 2014 | 2015 | 2014 |
| | **EQUITY AND LIABILITIES** | | | | |
| | **Equity** | | | | |
| 10 | Share capital | 759 | 696 | 759 | 696 |
| | Net revaluation reserve according to the equity method | 0 | 0 | 19,123 | 9,370 |
| | Retained earnings | 36,542 | 22,165 | 17,419 | 12,794 |
| | **Total equity** | 37,301 | 22,861 | 37,301 | 22,860 |
| | **Non-controlling interests** | 0 | 2,804 | | |
| | **Provisions** | | | | |
| | Deferred tax | 3,186 | 3,027 | 3,283 | 3,027 |
| | Other provisions | 0 | 319 | 0 | 0 |
| | **Total provisions** | 3,186 | 3,346 | 3,283 | 3,027 |
| | **Liabilities other than provisions** | | | | |
| | **Current liabilities other than provisions** | | | | |
| | Prepayments on work in progress | 0 | 668 | 0 | 0 |
| | Trade payables | 9,056 | 5,382 | 1,960 | 2,009 |
| | Payables to group entities | 0 | 0 | 42,787 | 36,705 |
| | Income taxes payable | 1,951 | 2,184 | 0 | 0 |
| | Other payables | 16,971 | 14,109 | 3,791 | 2,755 |
| 11 | Deferred income | 13,765 | 9,003 | 12,323 | 7,971 |
| | | 41,743 | 31,346 | 60,861 | 49,440 |
| | **Total liabilities other than provisions** | 41,743 | 31,346 | 60,861 | 49,440 |
| | **TOTAL EQUITY AND LIABILITIES** | 82,230 | 60,357 | 101,445 | 75,327 |

1 Accounting policies
12 Contractual obligations and contingencies, etc.
13 Related parties

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Statement of changes in equity

| | Group | | |
|---|---|---|---|
| DKK'000 | Share capital | Retained earnings | Total |
| Equity at 1 January 2015 | 696 | 22,165 | 22,861 |
| Capital increase | 64 | 3,418 | 3,482 |
| Profit/loss for the year | 0 | 20,656 | 20,656 |
| Exchange adjustment | 0 | 303 | 303 |
| Extraordinary dividend distributed | 0 | -10,000 | -10,000 |
| **Equity at 31 December 2015** | 760 | 36,542 | 37,302 |

| | Parent company | | | |
|---|---|---|---|---|
| DKK'000 | Share capital | Net revaluation reserve according to the equity method | Retained earnings | Total |
| Equity at 1 January 2015 | 696 | 9,370 | 12,794 | 22,860 |
| Capital increase | 64 | 0 | 3,418 | 3,482 |
| Profit/loss for the year | 0 | 9,753 | 10,903 | 20,656 |
| Exchange adjustment | 0 | 0 | 304 | 304 |
| Other value adjustments of equity | 0 | 0 | -1,050 | -1,050 |
| Extraordinary dividend distributed | 0 | 0 | -8,950 | -8,950 |
| **Equity at 31 December 2015** | 760 | 19,123 | 17,419 | 37,302 |

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Cash flow statement

| Notes | DKK'000 | Group 2015 | Group 2014 |
|---|---|---|---|
| | Profit for the year | 20,656 | 20,154 |
| 14 | Adjustments | 14,827 | 10,690 |
| | Cash generated from operations (operating activities) | 35,483 | 30,844 |
| 15 | Changes in working capital | -6,178 | -7,305 |
| | Cash generated from operations (operating activities) | 29,305 | 23,539 |
| | Interest received, etc. | 489 | 160 |
| | Interest paid, etc. | -519 | -219 |
| | Income taxes paid | -7,650 | -2,668 |
| | **Cash flows from operating activities** | 21,625 | 20,812 |
| | Additions of intangible assets | -7,760 | -7,175 |
| | Additions of property, plant and equipment | -146 | -48 |
| | **Cash flows from investing activities** | -7,906 | -7,223 |
| | Dividends distributed | -10,000 | -10,298 |
| | Cash capital increase | 677 | 0 |
| | **Cash flows from financing activities** | -9,323 | -10,298 |
| | **Net cash flow** | 4,396 | 3,291 |
| | Cash and cash equivalents at 1 January | 17,084 | 13,793 |
| 16 | **Cash and cash equivalents at 31 December** | 21,480 | 17,084 |

# Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies

Omada A/S' annual report for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act for medium-sized reporting class C enterprises.

The accounting policies applied by the company are consistent with those of last year.

#### Reporting currency

The financial statements are presented in Danish kroner.

#### Consolidation

The consolidated financial statements comprise the parent, Omada A/S and entities controlled by the parent. Control is presumed to exist when the parent directly or indirectly owns more than half of the voting power of an entity. Control may also exist by virtue of an agreement or articles of association or when the parent otherwise has a controlling interest in the subsidiary or actually exercises controlling influence over it.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether control exists.

The consolidated entities' financial statements are prepared in accordance with the accounting policies applied by the parent. The consolidated financial statements are prepared on the basis of the financial statements of the consolidated entities by adding together like items. Intra-group income, expenses, gains, losses, investments, dividends and balances are eliminated. Investments in consolidated entities are set off by the parent's proportionate share of the consolidated entity's fair value of assets and liabilities at the time of acquisition.

Recently acquired or sold subsidiaries are recognised in the consolidated income statement for the period in which the parent controls such entities. Comparative figures are not restated for recently acquired or sold entities.

The purchase method of accounting is applied to the acquisition of subsidiaries. The cost is made up at the net present value of the consideration agreed plus directly attributable expenses. Conditional payments are recognised at the amount expected to be paid. Identifiable assets and liabilities in the acquired entities are recognised at the fair value at the time of acquisition. Provisions for restructuring expenses relating to the acquired entity are recognised if the restructuring has been decided at the time of acquisition. Allowance is made for the tax effect of revaluations of assets and liabilities. Any residual difference between the cost and the group's share of the fair value of the identifiable assets and liabilities is recognised as goodwill or negative goodwill.

Entities over which the group exercises significant influence are considered associates. Significant influence is presumed to exist when the group directly or indirectly holds between 20% and 50% of the voting rights or otherwise has or actually exercises significant influence. Associates are recognised in the consolidated financial statements at their net asset value.

#### Minority interests

Accounting items attributable to subsidiaries are recognised in full in the consolidated financial statements. Minority interests' share of subsidiaries' profit or loss for the year and equity is recognised as separate items in the income statement and the balance sheet.

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

1 Accounting policies (continued)

#### Currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

### Income statement

#### Revenue

Income from the sale of goods and finished goods is recognised in revenue when the risks have been transferred to the buyer and provided that the income can be reliably measured and payment is expected to be received.

Income from construction contracts where the purchaser has significantly influenced the construction of the asset is recognised as revenue as the production activities are carried on, implying that revenue corresponds to the market value of the contract work performed (production method). This method is used where the total income and expenses and the degree of completion of the contract can be made up reliably.

Where the income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

Licence and royalty income is recognised over the term of the agreement in accordance with the contents of the agreement.

Revenue from time-limited software licences is accrued and recognised on a straight-line basis over the term of the licence according to the licence agreement in question.

Sale of indefinite software licences is recognised as sale of goods whereby revenue is recognised when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received.

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

#### Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

#### Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

# Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

## Notes to the financial statements

1 Accounting policies (continued)

### Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

### Amortisation/depreciation and impairment of intangible assets and property, plant and equipment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The cost net of the expected residual value for completed development projects is amortised over the expected useful life.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

| | |
|---|---|
| Completed development projects | 3 years |

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

| | |
|---|---|
| Other fixtures and fittings, tools and equipment | 3-5 years |

### Income from investments in group entities

The item includes the entity's proportionate share of the profit/loss for the year in subsidiaries after elimination of intra-group income or losses and net of amortisation and impairment of goodwill and other excess values at the time of acquisition.

### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

### Tax

The parent company is covered by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The parent company is the management company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

On payment of joint taxation contributions, the current Danish corporation tax charge is allocated between the jointly taxed enterprises in proportion to their taxable income. Enterprises with tax losses receive joint taxation contributions from enterprises that have been able to use the tax losses to reduce their own taxable income.

Tax for the year comprises current corporation tax , joint taxation contributions for the year and changes in deferred tax for the year - including changes resulting from changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

# Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

## Notes to the financial statements

1 Accounting policies (continued)

## Balance sheet

### Intangible assets

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is 3 years.

### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

### Investments in group entities

On initial recognition, investments in subsidiaries and associates are measured at cost and subsequently at the proportionate share of the enterprises' net asset values calculated in accordance with the parent company's accounting policies less or plus any residual value of positive or negative goodwill determined in accordance with the acquisition method. Subsidiaries and associates with a negative net asset value are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the enterprise's deficit. Net revaluations of investments in subsidiaries and associates are transferred to the net revaluation reserve according to the equity method in so far as the carrying amount exceeds the acquisition cost.

Enterprises acquired or formed during the year are recognised in the financial statements from the date of acquisition or formation. Enterprises disposed of are recognised up to the date of disposal.

Acquisitions of new subsidiaries and associates are accounted for using the purchase method, according to which the assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of revaluations made is taken into account.

# Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

## Notes to the financial statements

1 Accounting policies (continued)

### Impairment of fixed assets

Intangible assets, property, plant and equipment and investments in subsidiaries and associates are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

### Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

### Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

### Equity

*Reserve for net revaluation according to the equity method*

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

### Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

1 Accounting policies (continued)

As management company for all the entities in the joint taxation arrangement, the parent is liable for the subsisidaries' income taxes vis-à-vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivables are recognised in the balance sheet as income tax receivable or payable.

#### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual liability in respect of finance leases.

Other liabilities are measured at net realisable value.

#### Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

#### Dividend for the year

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

#### Cash flow statement

The cash flow statement shows the entity's net cash flows, broken down by operating, investing and financing activities, the year's changes in cash and cash equivalents and the entity's cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short-term bank loans and short-term marketable securities which are subject to an insignificant risk of changes in value.

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

1 **Accounting policies (continued)**

#### Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

| | |
|---|---|
| Return on assets | $\frac{\text{Profit/loss from operating activites}}{\text{Average assets x 100}}$ |
| Solvency ratio | $\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$ |
| Return on equity | $\frac{\text{Profit/loss for the year after tax x 100}}{\text{Average equity}}$ |

| | | Group | | Parent company | |
|---|---|---|---|---|---|
| | DKK'000 | 2015 | 2014 | 2015 | 2014 |
| 2 | **Staff costs** | | | | |
| | Wages/salaries | 63,651 | 48,713 | 4,874 | 4,855 |
| | Pensions | 1,220 | 948 | 292 | 279 |
| | Other social security costs | 558 | 467 | 191 | 225 |
| | | 65,429 | 50,128 | 5,357 | 5,359 |
| | Average number of full-time employees | 87 | 67 | 16 | 15 |
| | Number of employees at the balance sheet date | 100 | 71 | 18 | 16 |
| | Remuneration to members of management: | | | | |
| | Executive board | 3,118 | 3,077 | 2,227 | 2,256 |
| | Board of Directors | 100 | 270 | 100 | 270 |
| | | 3,218 | 3,347 | 2,327 | 2,526 |

#### Group

Wages/salaries in the group and parent company amounting to DKK 7,030 thousand (DKK 6,515 thousand) have been recognised as "Completed development projects".

#### Incentive programmes

As part of an incentive scheme for certain key employees in the Company and in Group entities, Omada A/S has issued a total of 199,501 warrants which entitle the holders to subscribe for up to nominally DKK 99,751 class C shares in Omada A/S. All warrants must be granted by 1 April 2023.

At 31 December 2015, a total of 46,166 warrants had been exercised, entitling the holders to subscribe for nominally DKK 23,083 class C shares. 6,442 of these warrants have been exercised by members of the Executive Board. The subscription price of the exercised warrants is DKK 75 on average.

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

As for warrants outstanding at 31 December 2015, the average remaining life is 7.25 years, and the exercise price is DKK 186.15 per warrant.

| | | Group | | Parent company | |
|---|---|---|---|---|---|
| | DKK'000 | 2015 | 2014 | 2015 | 2014 |
| 3 | **Amortisation/depreciation and impairment of intangible assets and property, plant and equipment** | | | | |
| | Amortisation of intangible assets | 7,055 | 6,945 | 7,055 | 6,945 |
| | Depreciation of property, plant and equipment | 113 | 163 | 113 | 163 |
| | | 7,168 | 7,108 | 7,168 | 7,108 |
| 4 | **Financial income** | | | | |
| | Exchange adjustments | 489 | 157 | 121 | 43 |
| | Other financial income | 0 | 3 | 0 | 4 |
| | | 489 | 160 | 121 | 47 |
| 5 | **Financial expenses** | | | | |
| | Interest expenses, group entities | 0 | 0 | 306 | 266 |
| | Exchange adjustments | 328 | 104 | 71 | 96 |
| | Other financial expenses | 191 | 115 | 179 | 13 |
| | | 519 | 219 | 556 | 375 |
| 6 | **Tax for the year** | | | | |
| | Estimated tax charge for the year | 6,820 | 5,807 | 2,043 | 1,392 |
| | Deferred tax adjustments in the year | 202 | 82 | 256 | 82 |
| | Tax adjustments, prior years | 554 | 120 | 0 | 120 |
| | | 7,576 | 6,009 | 2,299 | 1,594 |

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

7 Intangible assets

| DKK'000 | Group<br>Completed development projects |
|---|---|
| Cost at 1 January 2015 | 63,908 |
| Additions in the year | 7,760 |
| Cost at 31 December 2015 | 71,668 |
| Impairment losses and amortisation at 1 January 2015 | 49,802 |
| Amortisation/depreciation in the year | 7,055 |
| Impairment losses and amortisation at | 56,857 |
| **Carrying amount at 31 December 2015** | 14,811 |
| Amortised over | 3 years |

| DKK'000 | Parent company<br>Completed development projects |
|---|---|
| Cost at 1 January 2015 | 63,908 |
| Additions in the year | 7,760 |
| Cost at 31 December 2015 | 71,668 |
| Impairment losses and amortisation at 1 January 2015 | 49,802 |
| Amortisation/depreciation in the year | 7,055 |
| Impairment losses and amortisation at | 56,857 |
| **Carrying amount at 31 December 2015** | 14,811 |
| Amortised over | 3 years |

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

8 Property, plant and equipment

| DKK'000 | Group<br>Other fixtures and fittings, tools and equipment |
|---|---|
| Cost at 1 January 2015 | 1,782 |
| Additions in the year | 146 |
| Disposals in the year | -65 |
| Cost at 31 December 2015 | 1,863 |
| Impairment losses and depreciation at 1 January 2015 | 1,470 |
| Amortisation/depreciation in the year | 113 |
| Reversal of amortisation/depreciation and impairment of disposals | -65 |
| Impairment losses and depreciation at 31 December 2015 | 1,518 |
| **Carrying amount at 31 December 2015** | 345 |
| Amortised over | 3-5 years |

| DKK'000 | Parent company<br>Other fixtures and fittings, tools and equipment |
|---|---|
| Cost at 1 January 2015 | 1,777 |
| Additions in the year | 140 |
| Disposals in the year | -65 |
| Cost at 31 December 2015 | 1,852 |
| Impairment losses and depreciation at 1 January 2015 | 1,470 |
| Amortisation/depreciation in the year | 113 |
| Reversal of amortisation/depreciation and impairment of disposals | -65 |
| Impairment losses and depreciation at 31 December 2015 | 1,518 |
| **Carrying amount at 31 December 2015** | 334 |
| Amortised over | 3-5 years |

# Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

## Notes to the financial statements

### 9 Investments

| DKK'000 | Parent company: Investments in group entities, net asset value | Other receivables | I alt |
|---|---|---|---|
| Cost at 1 January 2015 | 4,639 | 623 | 5,262 |
| Additions in the year | 1,754 | 16 | 1,770 |
| Cost at 31 December 2015 | 6,393 | 639 | 7,032 |
| Value adjustments at 1 January 2015 | 9,369 | 0 | 9,369 |
| Exchange adjustment | 306 | 0 | 306 |
| Dividend distributed | -3,950 | 0 | -3,950 |
| Share of the profit/loss for the year | 13,399 | 0 | 13,399 |
| Value adjustments at 31 December 2015 | 19,124 | 0 | 19,124 |
| **Carrying amount at 31 December 2015** | 25,517 | 639 | 26,156 |

| | Legal form | Domicile | Interest | Profit/loss |
|---|---|---|---|---|
| **Subsidiaries** | | | | |
| Omada Services A/S | A/S | Copenhagen | 100.00 % | 8,347 |
| Omada Solutions Inc. | Inc. | USA | 100.00 % | 2,040 |
| Omada International ApS | ApS | Copenhagen | 100.00 % | 2,289 |
| Omada GmbH | GmbH | Germany | 100.00 % | 3,147 |
| Omada Ltd | Ltd | UK | 100.00 % | -54 |

### 10 Share capital

| DKK'000 | Parent company 2015 | 2014 |
|---|---|---|
| The share capital consists of the following: | | |
| 697,254 A- shares of DKK 0.50 each | 349 | 696 |
| 757,637 B- shares of DKK 0.50 each | 379 | 0 |
| 63,561 C- shares of DKK 0.50 each | 32 | 0 |
| | 760 | 696 |

Each A share carries 113 voting rights, each B share carries 100 voting rights and C shares do not carry any voting rights.

Analysis of changes in the share capital over the past 5 years:

| DKK'000 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| Opening balance | 696 | 696 | 696 | 696 | 696 |
| Capital increase | 64 | 0 | 0 | 0 | 0 |
| | 760 | 696 | 696 | 696 | 696 |

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

### 11 Deferred income

#### Group

Deferred income comprises payments relating to the sale which will not be recognised as income until the subsequent financial year when the recognition criteria are satisfied.

#### Parent company

Deferred income comprises payments relating to the sale which will not be recognised as income until the subsequent financial year when the recognition criteria are satisfied.

### 12 Contractual obligations and contingencies, etc.

#### Other financial obligations

Other rent and lease liabilities:

| | Group | | Parent company | |
|---|---|---|---|---|
| DKK'000 | 2015 | 2014 | 2015 | 2014 |
| Rent and lease liabilities | 2,868 | 1,169 | 2,615 | 627 |

#### Parent company

As management company, the Company is jointly taxed with other Danish group entities. The Company is jointly and severally liable with other jointly taxed group entities for payment of income taxes and withholding taxes falling due for payment on or after 1 July 2012 in the group of jointly taxed entities.

### 13 Related parties

#### Parent company

Omada A/S' related parties comprise the following:

#### Related party transactions not carried through on normal market terms

There are no related party transactions that have not been carried out on normal market terms.

#### Information about remuneration to management

Information about remuneration to management appears from note 2, 'Staff costs'

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

### Notes to the financial statements

| | | Group | |
|---|---|---|---|
| | DKK'000 | 2015 | 2014 |
| 14 | **Adjustments** | | |
| | Amortisation/depreciation and impairment losses | 7,168 | 7,108 |
| | Financial income | -489 | -160 |
| | Financial expenses | 519 | 219 |
| | Tax for the year | 7,576 | 6,008 |
| | Other adjustments | 53 | -2,485 |
| | | 14,827 | 10,690 |
| 15 | **Changes in working capital** | | |
| | Change in receivables | -16,805 | -3,967 |
| | Change in prepayments and trade and other payables | 10,627 | -3,338 |
| | | -6,178 | -7,305 |
| 16 | **Cash and cash equivalents at year end** | | |
| | Cash and cash equivalents according to the balance sheet | 21,480 | 17,084 |
| | | 21,480 | 17,084 |