Omada A/S

Østerbrogade 135, 2100 Copenhagen

CVR no. 25 35 74 69

Annual report 2019

Approved at the Company's annual general meeting on 28 May 2020
Chairman:

....
James Ernest Ousley

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Omada A/S for the financial year 1 January - 31 December 2019.

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 financial position of the Group and the Company at 31 December 2019 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 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 28 May 2020
Executive Board:

Michael Garrett Chief Executive Officer	Christian Stendevad Executive Vice President	Gry Cornelius Collignon Chief Financial Officer

Board of Directors:

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Independent auditor's report

To the shareholders of Omada A/S

Opinion

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 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are 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 financial position of the Group and the Parent Company at 31 December 2019, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent Company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the 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 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, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the 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 as to 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 and additional requirements applicable in Denmark 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 the financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 28 May 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Mikkel Sthyr	Simon Blendstrup
State Authorised Public Accountant	State Authorised Public Accountant
Mne26693	mne44060

Management's review

Company details

Name	Omada A/S
Address, Postal code, City	Østerbrogade 135, 2100 Copenhagen
CVR no.	25 35 74 69
Established	4 May 2000
Registered office	Copenhagen Municipality
Financial year	1 January - 31 December
Website	www.omada.net
Board of Directors	James Ernest Ousley, Chairman Morten Grube Weicher Sebastian Ramin Künne Lars Dybkjær Peter Granild Colsted John Dawson Clark Kevin Michael Hickey Franck Leon Cohen
Executive Board	Michael Garrett, Chief Executive Officer Christian Stendevad, Executive Vice President Gry Cornelius Collignon, Chief Financial Officer
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Danske Bank Nordea

Management's review

Financial highlights for the Group*

DKK'000	2019	2018	2017	2016*	2015*
Key figures					
Gross margin	109,924	145,407	115,635	108,304	100,859
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-37,059	18,434	14,903	17,636	35,430
Net financials	-1,105	360	-888	-446	-30
Profit for the year of continued activities	-37,445	4,474	4,731	7,252	20,656
Profit for the year discontinued activities	0	5,033	4,570	0	0
Profit/loss for the year	**-37,445**	**9,507**	**9,302**	**7,252**	**20,656**
Total assets	133,898	130,980	140,943	104,008	82,229
Equity	**42,227**	**36,141**	**54,229**	**45,045**	**37,302**
Cash flows from operating activities	-44,418	3,891	13,847	20,784	21,625
Net cash flows from investing activities	-17,692	16,246	-15,018	-10,747	-7,906
Investment in property, plant and equipment	-464	-509	-388	-1,275	0
Financial ratios					
Return on assets	-35.0%	5.5%	5,2%	10.8%	39.6%
Solvency ratio	31.5%	27.6%	38.5%	43.3%	45.4%
Return on equity	-95,6%	21,0%	18.7%	17.6%	68.7%
Average number of employees	**184**	**165**	**129**	**114**	**87**
Number of employees at the end of the year	**177**	**195**	**148**	**126**	**100**

*Comparative numbers for the period 2015-2016 include the former subsidiary Omada Digital Services A/S

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Return on assets $$\frac{\text{Profit/loss from operating activites x 100}}{\text{Average assets}}$$

Equity ratio $$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$$

Return on equity $$\frac{\text{Profit/loss for the year after tax x 100}}{\text{Average equity}}$$

Omada Group

The consolidated financial statements of Omada Group (“Group”) comprise Omada A/S (“Parent Company”) and subsidiaries controlled by Omada A/S.

Management's review

Business review

The vision for Omada is to become a market leader within its field of identity governance & administration ("IGA") in Europe and the US by harnessing the full potential of its on premise & SaaS product(s) in combination with its unique delivery approach and best practice process framework, i.e. IdentityPROCESS+™.

The shareholders of Omada in December 2018 sold the majority of the shares to CVC Capital Partners' Growth Fund ("CVC") and GRO Capital ("GRO").

As part of the transaction, the new majority owners have contributed significant primary capital to create a solid foundation and support Omada's ambitious growth agenda.

In 2019, Omada continued to invest in sales, implementation, and product development resources to drive further growth.

These initiatives have required significant investments, leading to a short-term impact on earnings, whilst number of customer portfolio is growing in line with the strategy.

In 2019, Omada was rewarded as "Leader" in the Gartner Magic Quadrant for Identity Governance and Administration.

Financial review

In 2019, Omada delivered earnings before tax of DKK -36,945 thousand (2018: DKK 7,817 thousand, from the continued activities). The reported earnings are affected by investments in the business.

The balance sheet is solid with an equity account of DKK 42,727 thousand (2018: DKK 36,141 thousand). In December 2019 the shareholders converted debt of DKK 44,273 thousand.

2019 has been a year of leadership change and investments in growth leading to a short-term negative impact on earnings. 2019 was also affected by some big loss-making consultancy projects, that are now finalized.

Omada still expects to invest heavily in 2020 to support the overall growth.

Management's review

Knowledge resources

Omada continuously focuses on developing 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 creating an attractive workplace and offering competitive terms as well as well-balanced incentive structures.

Special risks

As Omada operates in a range of international markets, revenues and costs can be impacted by currency fluctuations. The fact that Omada has well-established local subsidiaries in Germany, UK, Poland and the US reduces the risk, as both revenues and the cost base are, to a certain degree, in the same currency. Management evaluates the risk and potential risk mitigations on an ongoing basis.

Impact on the external environment

As Omada is a software vendor, the environmental impact of the Company's business model is limited. Still, Omada operates its business, office routines and practices from a "good citizen" principle and with environmentally friendly waste policies.

Research and development activities

As a provider of software products and services, R&D activities are of key importance to Omada. Throughout 2019, Omada continued to invest significantly in improving and enhancing its award winning on-premise & SaaS product(s) and IP. Omada will continue to further invest in innovative R&D and product development activities.

Foreign subsidiaries

Omada has well-established local subsidiaries in Germany, UK, Poland and the US. Omada has continued to grow its footprint internationally by successfully winning contracts with new strategic customers and partners.

Events after the balance sheet date

Since the closing of the annual accounts, no events have occurred that could change the Company's financial position.

Outlook

The Company expects to deliver growth in 2020 despite the covid-19 situation and will continue to invest significantly in 2020 to achieve this growth, in line with its long-term budget and strategy. The impact from covid-19 on our business in 2020 is visible, however, at this point, signs are mainly expressed through postponed signings and start-up on some of the new consultancy task.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

Note	DKK'000	Group 2019	Group 2018	Parent company 2019	Parent company 2018
	Gross margin	109,924	145,407	-23,055	46,397
3	Staff costs	-146,983	-126,973	-19,662	-18,015
4	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-9,250	-10,977	-9,250	-10,977
	Profit before net financials	-46,309	7,457	-51,967	17,405
	Income from investments in group entities	-	-	4,122	-3,538
5	Financial income	69	1,015	223	242
6	Financial expenses	-1,174	-655	-1,338	-835
	Profit before tax	-47,414	7,817	-48,960	13,274
7	Tax for the year	9,969	-3,343	11,515	-3,767
	Profit for the year of continued activities	-37,445	4,474	-37,445	9,507
2	Profit for the year discontinued activities	-	5,033	-	-
	Profit for the year	-37,445	9,507	-37,445	9,507

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	Group 2019	Group 2018	Parent company 2019	Parent company 2018
	ASSETS				
	Non-current assets				
8	**Intangible assets**				
	Completed development projects	39,312	30,655	39,312	30,655
	Acquired intangible assets	595	705	595	705
		39,907	31,360	39,907	31,360
9	**Property, plant and equipment**				
	Other fixtures and fittings, tools and equipment	1,073	1,178	1,073	1,178
		1,073	1,178	1,073	1,178
10	**Financial assets**				
	Investments in group entities, net asset value	-	-	16,416	13,817
	Other receivables	1,177	989	1,116	913
15	Deferred tax assets	9,963	807	9,963	-
		11,140	1,796	27,495	14,730
	Total non-current assets	52,120	34,334	68,475	47,268
	Current assets				
	Receivables				
11	Trade receivables	64,554	71,143	59,293	62,591
	Contract assets	311	2,109	-	-
	Receivables from group entities	-	-	30,422	38,865
	Income taxes receivable	4,252	4,665	3,712	-
13	Prepayments	2,357	2,215	2,026	1,978
		71,474	80,132	95,453	103,434
12	**Other securities and investments**	7,606	-	7,606	-
	Cash	2,698	16,514	681	13,998
	Total current assets	81,778	96,646	103,740	117,432
	TOTAL ASSETS	133,898	130,980	172,215	164,700

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	DKK'000	2019	2018	2019	2018
	EQUITY AND LIABILITIES				
	Equity				
14	Share capital	1,425	983	1,425	983
	Reserve for treasury shares	-	-	7,606	-
	Reserve for development costs	-	-	30,663	23,911
	Retained earnings	40,802	35,158	2,533	11,247
	Total equity	42,227	36,141	42,227	36,141
	Non-current liabilities				
10	Other provisions	-	-	8,280	1,953
15	Deferred tax	9,450	7,422	9,436	7,408
16	Other payables	2,542	-	589	-
	Total non-current liabilities	11,992	7,422	18,305	9,361
	Current liabilities				
	Financial institutions	7,083	-	7,083	-
	Prepayments on contract assets	3,163	3,430	-	-
	Trade payables	21,383	27,257	11,985	12,601
	Payables to group entities	4,039	-	69,487	75,788
	Income taxes payable	4,338	-	3,545	898
	Other payables	16,703	36,463	2,751	12,415
17	Contract liabilities	22,970	20,268	16,832	17,496
	Total current liabilities	79,679	87.417	111,683	119,198
	Total liabilities	91,671	94.839	129,988	128,559
	TOTAL EQUITY AND LIABILITIES	133,898	130,980	172,715	164,700

1 Accounting policies
2 Discontinued activities
18 Contractual obligations and contingencies, etc.
19 Collateral
20 Related parties
21 Appropriation of profit

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

	Group		
DKK'000	**Share capital**	**Retained earnings**	**Total**
Equity at 1 January 2019	983	35,158	36,141
Transfer through appropriation of profit	0	-37,445	-37,445
Debt conversion	442	43,831	44,273
Exchange adjustment etc.	0	-742	-742
Equity at 31 December 2019	1,425	40,802	42,227

		Parent company				
Note	**DKK'000**	**Share capital**	**Reserve for treasury shares**	**Reserve for development costs**	**Retained earnings**	**Total**
	Equity at 1 January 2019	983	-	23,911	11,247	36,141
21	Transfer, see "Appropriation of profit"	-	-	6,752	-44,197	-37,445
	Debt conversion	442	-	-	43,831	44,273
	Reserve for treasury shares	-	7,606	-	-7,606	0
	Exchange adjustment etc.	-	-	-	-742	-742
	Equity at 31 December 2019	1,425	7,606	30,663	2,533	42,227

Consolidated financial statements and parent company financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	Group 2019	Group 2018
	Operating activities		
	Profit for the year	-37,445	9,506
22	Non-cash adjustments	-491	-12,423
23	Changes in working capital	-12,970	9,694
	Cash generated from operations (operating activities)	-50,906	6,777
	Interest received, etc.	69	1,015
	Interest paid, etc.	-1,174	-655
	Income taxes paid/received	7,593	-3,246
	Net cash flows from operating activities	-44,418	3,891
	Investing activities:		
	Additions of intangible assets	-17,228	-18,843
	Additions of property, plant and equipment	-464	-509
	Decrease/increase in financial assets	0	300
2	Divestment of subsidiary	0	35,298
	Net cash flows from investing activities	-17,692	16,246
	Financing activities		
	Increase in share capital	44,273	0
	Proceeds from loan	7,000	0
	Purchase of shares in Gubernare TopCo ApS	-3,011	0
	Net cash settlement of warrants	0	-34,019
	Net cash flows from financing activities	48,262	-34,019
	Net cash flow	-13,848	-13,882
	Cash and cash equivalents at 1 January	16,514	30,105
	Foreign exchange adjustments	32	291
24	**Cash and cash equivalents at 31 December**	2,698	16,514

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Omada A/S for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

The accounting policies used in preparation of the financial statements are consistent with last year. In 2019 we have made a more through description of the accounting policies in order to align with accounting policies of ultimate parent company Gubernare TopCo ApS.

In connection with Gubernare TopCo ApS's acquisition of Omada A/S management has done a reassessment of amortisation period of intangible assets. Management has assessed the expected useful life of completed development projects to be 5 years instead of 3 years. Amortisation in 2019 amounts to DKK 8,215 thousand resulting in a positive effect on 2019 profit for the year of DKK 5,951 as a result of the changed judgement.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company and subsidiaries controlled by the Parent Company.

Control means a parent company's power to direct a subsidiary's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Foreign 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 rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company has chosen IFRS 15 as interpretation for revenue recognition.

Omada's revenue from contract with customers comes mainly from providing perpetual or fixed-term (rental) software licenses, software as a service (SaaS), software maintenance services, implementation services and service desk support. If a sales contract consist of several performance obligations, the total contract revenue is allocated to the individual performance obligations prior to revenue recognition.

For a contract to exist between Omada and its customers, each party's rights must be identifiable, payment terms must be identifiable, the contract must be deemed to have commercial substance, and it must be probable that the payments identifiable in the contract will be recovered by Omada.

Revenue is recognised upon the transfer of control of the license or service to the customer. Control of the asset refers to the ability to direct the use of, and obtain substantially all the benefits from, the software licenses or associated services.

For contracts that contain elements such as discounts, rebates or interest, the stand-alone selling price for the specific performance obligation is identified.

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

Licenses

Rental license agreements are software licenses with a fixed term, providing the customer with the right to use the software for a pre-determined, time-limited period. Perpetual licenses provide the customer with a right to use the license for an unlimited period. Control of both licenses is deemed to pass to the customer when the software and the associated activation keys are delivered to the customer.

The performance obligation identified when providing the customer with either a rental license or perpetual license, is the right to use the software, and there are no subsequent technical requirements for additional enhancements or updates to the software in order to facilitate use by the customer after delivery.

For both rental and perpetual licenses, the performance obligation is satisfied at a point in time, when both parties have signed a binding contract and the software, and associated activation key, are delivered to the customer. Revenue for both types of license is recognised on a point-in-time basis.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Maintenance

Maintenance services relate to periodic updates and security patches that can be made available to customers, at their discretion, subsequently to the installation of the licenses (both perpetual and rental), over an agreed contract period. The performance obligation is satisfied over time, as the customer simultaneously receives and consumes the benefits of the maintenance service. Accordingly, revenue related to maintenance services is recognised over time.

Implementation

Whenever the customer purchases software licenses or SaaS, Omada may be contracted to provide implementation services, which include the customisation and installation of the software in accordance with the requirements of the specific customer.

The performance obligation is satisfied over time, as the customer obtains control over the services as they are provided. Implementation services are billed on a time and materials basis and revenue is recognised based on the work performed to date.

Software as a Service (SaaS)

Software as a Service (SaaS) provides customers with access to Omada, with Omada hosting the software and maintaining the responsibility for providing software enhancements during the contract period. The performance obligation for SaaS is satisfied over time, as the customer continually receives and consumes the benefits of the SaaS during the contract period.

Cost of Sales

Cost of sales include the expenses excluding wages and salaries that are directly incurred to achieve revenue for the year and include the cost of licenses, partner commissions, subcontractors etc.

Gross margin

The items revenue, work in progress, work performed for own account and capitalised, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of non-current assets.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, etc.

Leases

The Company has chosen IAS 17 as interpretation for recognition of leases.

Leases where all material risks and benefits of ownership are not transferred to the company shall be considered as operational leasing.

Operational leasing services are recognised linearly in the profit and loss account over the lease term. The company's overall commitment to operational lease and lease agreements is disclosed under Contractual obligations and contingencies, etc.

Consolidated financial statements and parent company financial statements 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 pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

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

Completed development projects	5 years
Acquired intangible assets	3 years
Other fixtures and fittings, tools and equipment	3-5 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Income from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

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

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other subsidiaries. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Other intangible assets include development projects and other acquired intangible rights, including software licences and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

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 identifiable 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 5 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 subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost. Transaction costs are recognised in the income statement. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The consideration is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Receivables

Receivables are measured at amortised cost.

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

Contract assets

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Prepayments

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

Other securities and investments

Treasury shares in parent are recognised at cost.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Settlement of warrants

The Incentive programmes was considered as an equity-settled arrangement and according to the Danish Financial Statements Act was the grant-date fair value of the program not recognized as an expense over the period of the program. At the time of vesting, the fair value of the warrants was net settled with the warrant holders and accordingly the equity was reduced.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base 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. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

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

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, 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 lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Contract liabilities

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

Presentation of discontinued activities

Discontinued activities comprise activities and cash flows that can be clearly distinguished from the other business areas and have either been disposed of or are held for sale. The sale is expected to be carried out within 12 months in accordance with a formal plan. Discontinued activities also include entities that are classified as held for sale in connection with an acquisition.

In the income statement discontinued activities are excluded from the results of continuing activities and presented separately as profit/loss of discontinued activities. Comparison figures have been restated.

In the statement of financial position assets and liabilities are presented in separate lines and main elements are specified in a note. Comparison figures have been restated. In the cash flow statement comparison figures have not been restated.

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the 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, interests paid, interests received and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities 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 expenses as well as 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 securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

2 Discontinued activities

As part of the transaction with CVC and GRO, Omada divested the subsidiary Omada Digital Services A/S ("ODS"). For many years ODS have been a profitable part of Omada, however with the focus strategy on Omada's software business, the timing was right and the Management team of ODS initiated a management buyout**.**

The divestment was made as two separate transactions. In the beginning of 2018 approx. 30 % of ODS was transferred to the new owners of ODS. The sale of minority shares resulted in a gain of DKK 8,195 thousand, which have been recognized directly in the equity. The remaining part of the shares was transferred in the end of 2018. As a result, a gain of DKK 22,070 thousand was recognized as part of other income included in gross margin.

The profit for the year regarding the ODS discontinued activities (11 months) are presented on a separate line in the income statement which represent DKK 5,033 thousand. The result of discontinued activities in the income statement and balances sheet is specified below:

Income statement - DKK'000	**2019**	**2018**
Gross margin	0	38,750
Staff costs	0	-32,315
Profit before net financials	0	6,435
Net financials	0	29
Profit before tax	0	6,464
Tax for the year	0	-1,431
Profit for the year discontinued activities	0	5,033

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

		Group		Parent company	
	DKK'000	2019	2018	2019	2018
3	**Staff costs and incentive programmes**				
	Wages/salaries	133,224	114,202	18,290	16,565
	Pensions	10,214	9,604	844	807
	Other social security costs	3,545	3,167	528	643
		146,983	126,973	19,662	18,015
	Average number of full-time employees	184	165	35	37
	Number of employees at the balance sheet date	177	195	36	38
	Remuneration to members of management:				
	Executive board*	7,589	6,687	4,589	2,735
	Board of Directors	537	125	537	125
		8,126	6,812	5,126	2,860

*In 2018 remuneration to members of executive board reflected the part of salary which was allocated to management. Comparative figures for 2018 have been restated in the note to reflect full remuneration to members of management.

Group

Wages/salaries in the group and parent company amounting to DKK 9,448 thousand (2018: DKK 10,173 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 had issued a total of 199,501 warrants which entitled the holders to subscribe for up to nominally DKK 99,751 class C shares in Omada A/S. As part of the transaction in December 2018, all warrants were vested. At the same time a new incentive program was launched. The new program entitles the warrant holders to subscribe for shares in Gubernare TopCo ApS.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

		Group		Parent company	
	DKK'000	2019	2018	2019	2018
4	**Amortisation/depreciation of intangible assets and property, plant and equipment**				
	Amortisation of intangible assets	8,681	10,439	8,681	10,439
	Depreciation of property, plant and equipment	569	538	569	538
		9,250	10,977	9,250	10,977
5	**Financial income**				
	Interest income, group entities	-	-	154	9
	Other financial income	69	1,015	69	233
		69	1,015	223	242
6	**Financial expenses**				
	Interest expenses, group entities	648	-	823	287
	Amortised transaction cost	58	-	58	-
	Other financial expenses	468	655	457	548
		1,174	655	1,338	835
7	**Tax for the year**				
	Estimated tax charge for the year	-3,472	-1,788	-3,711	1,232
	Deferred tax adjustments in the year*	-7,128	4,966	-7,935	2,530
	Tax adjustments, prior years	631	165	131	5
		-9,969	3,343	-11,515	3,767

*of which DKK 2,909 thousand in 2018 related to valuation of tax asset in Omada Solutions Inc.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

8 Intangible assets

	Group		
DKK'000	Completed development projects	Acquired intangible assets	Total
Cost at 1 January 2019	56,457	767	57,224
Additions in the year	16,872	356	17,228
Cost at 31 December 2019	73,329	1,123	74,452
Impairment losses and amortisation at 1 January 2019	25,802	62	25,864
Amortisation/depreciation during the year	8,215	466	8,681
Impairment losses and amortisation at 31 December 2019	34,017	528	34,545
Carrying amount at 31 December 2019	39,312	595	39,907
Amortised over	5 years	3 years	

	Parent company		
DKK'000	Completed development projects	Acquired intangible assets	Total
Cost at 1 January 2019	56,457	767	57,224
Additions in the year	16,872	356	17,228
Cost at 31 December 2019	73,329	1,123	74,452
Impairment losses and amortisation at 1 January 2019	25,802	62	25,864
Amortisation/depreciation in the year	8,215	466	8,681
Impairment losses and amortisation at 31 December 2019	34,017	528	34,545
Carrying amount at 31 December 2019	39,312	595	39,907
Amortised over	5 years	3 years	

Completed development projects

Completed development projects includes the development and continued enhancement of the Omada Identity Suite. In 2019 the company has released features of version 14 in February, June and November and patch releases of 11.1, 12.2 and 13.2 in February, July and December. Since November the main development project in progress was the further development of version 14, which is expected to be released in spring 2020.

Management has not identified any evidence of impairment relative to the carrying amount of the system.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

9 Property, plant and equipment

DKK'000	Group Other fixtures and fittings, tools and equipment
Cost at 1 January 2019	3,863
Additions during the year	464
Disposals during the year	-
Cost at 31 December 2019	4,327
Impairment losses and depreciation at 1 January 2019	2,685
Depreciation during the year	569
Disposals	-
Impairment losses and depreciation at 31 December 2019	3,254
Carrying amount at 31 December 2019	1,073
Depreciated over	3-5 years

DKK'000	Parent company Other fixtures and fittings, tools and equipment
Cost at 1 January 2019	3,863
Additions during the year	464
Disposals during the year	-
Cost at 31 December 2019	4,327
Impairment losses and depreciation at 1 January 2019	2,685
Depreciation during the year	569
Disposals	-
Impairment losses and depreciation at 31 December 2019	3,254
Carrying amount at 31 December 2019	1,073
Depreciated over	3-5 years

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

10 Investments

	Parent company		
DKK'000	Investments in group entities, net asset value	Other receivables	Total
Cost at 1 January 2019	14,466	913	15,379
Additions in the year	25	203	228
Disposals in the year	-	-	-
Cost at 31 December 2019	14,491	1,116	15,607
Value adjustments at 1 January 2019	-20,991	0	-20,991
Exchange adjustment	-742	0	-742
Share of the profit/loss for the year	4,122	0	4,122
Value adjustments at 31 December 2019	-17,611	0	-17,611
Net carrying amount at 31 December 2019	-3,120	1,116	-2,004

The net carrying amount consists of the following:	
Write-down of intercompany receivables	-11,256
Other provision	-8,280
Gross carrying amount of investments	16,416
Net carrying amount at 31 December 2019	-3,120

Parent company

Name	Legal form	Domicile	Interest
Subsidiaries			
Omada Services A/S	A/S	Copenhagen	100.00%
Omada Solutions Inc.	Inc.	USA	100.00%
Omada GmbH	GmbH	Germany	100.00%
Omada Ltd	Ltd	UK	100.00%
Omada Poland	SP Z. O. O.	Poland	100.00%

11 Trade receivables (Group and Parent company)

Portion falling due for payment more than one year after the financial year-end: DKK 745 thousand (2018: DKK 2,388 thousand)

12 Other securities and investments

In 2019 Omada acquired shares and warrants issued in Omada's ultimate parent company Gubernare TopCo ApS. The shares and warrants were acquired from employees who have left Omada and the intention is to sell the shares and warrants to employees who joins Omada in the future.

The shares and warrants are valued at amortised cost DKK 7,606 thousand and payment for the shares has taken place in December 2019 and January 2020.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

13 Prepayments (Group and Parent company)

Prepayments include accrual of expenses relating to subsequent financial years.

	Parent company	
DKK'000	2019	2018
14 Share capital		
Analysis of the share capital:		
2,850,900 shares of DKK 0.50 nominal value each	1,425	983
	1,425	983

No shares carry special rights.

	Group		Parent company	
DKK'000	2019	2018	2019	2018
15 Deferred tax				
Deferred tax at 1 January	6,615	2,040	7,408	4,883
Deferred tax, income statement	-7,128	4,966	-7,935	2,864
Deferred tax, equity	-	-339	-	-339
Deferred tax, currency adjustment	-	52	-	-
Deferred tax at 31 December	-513	6,615	-527	7,408
Deferred tax relates to:				
Intangible assets	8,780	6,899	8,780	6,899
Property, plant and equipment	-76	-55	-76	-55
Receivables	732	564	732	564
Equity	-	-	-	-
Liabilities	-	-	-	-
Tax loss	-9,963	-793	-9,963	-
	-513	6,615	-527	7,408
Analysis of the deferred tax				
Deferred tax assets	9,963	807	9,963	0
Deferred tax liabilities	9,450	7,422	9,436	7,408
	-513	6,615	-1,733	7,408

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

16 Other payables (Group and Parent company)

Other payables are all falling due between 1 and 5 years.

17 Contract liabilities

Group

Contract liabilities 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

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

18 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

	Group		Parent company	
DKK'000	**2019**	**2018**	**2019**	**2018**
Rent and lease liabilities	4,121	3,726	1,807	1,848

Group

The Parent company is jointly registered for VAT with its subsidiary Omada Services A/S. The Company is thus jointly and severally liable for all VAT liabilities under the tax consolidation.

Parent company

The Company is jointly taxed with its ultimate parent, Gubernare TopCo ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

19 Collateral

Parent company

As security for debt to financial institutions, Omada A/S has entered an agreement of floating charges with a value of DKK 20,000 thousand in the company's basic receivables, inventories (if any), fixed assets or similar and goodwill.

The Company has issued a letter of support to Omada Solutions Ltd. The subsidiary Omada Solutions Ltd is exempt from submitting audited financial accounts under section 479A of the UK Companies Act 2006.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

20 Related parties

Omada A/S' related parties comprise the following:

Parties exercising control:

Related party	Domicile	Basis for control
Gubernare BidCo ApS	Copenhagen, Denmark	Parent Company

Information about consolidated financial statements:

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Gubernare TopCo ApS	Copenhagen, Denmark	Publicly available

Group

Related party transactions

There are no group enterprise transactions that have not been carried through on normal market terms.

Information on remuneration to management

Information on the remuneration to Management appears from note 3, "Staff costs".

Parent company

Related party transactions

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

In accordance with the Danish Financial Statements Act § 98c paragraph 3, information regarding transactions between Omada A/S and its wholly owned subsidiaries is dispensed.

Information on remuneration to Management

Information about remuneration to Management appears from note 3, "Staff costs and incentive programmes".

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

	DKK'000	Parent company 2019	Parent company 2018
21	**Appropriation of profit**		
	Recommended appropriation of profit		
	Net revaluation reserve according to the equity method	-	20,924
	Reserve for development costs	6,752	8,081
	Retained earnings/accumulated loss	-44,197	22,349
		-37,445	9,506

	DKK'000	Group 2019	Group 2018
22	**Non-cash adjustments**		
	Amortisation/depreciation and impairment losses	9,250	10,977
	Financial income	-69	-1,015
	Financial expenses	1,174	655
	Tax for the year	-9,969	3,343
	Gain from divestment	-	-22,070
	Profit for the year discontinued activities	-	-5,033
	Other adjustments	-877	720
		-491	-12,423
23	**Changes in working capital**		
	Change in receivables	8,244	-17,975
	Change in trade and other payables	-21,214	27,669
		-12,970	9,694
24	**Cash and cash equivalents at year-end**		
	Cash in discontinued entities	0	0
	Cash in Omada	2,698	16,514
	Cash according to the balance sheet	2,698	16,514