Gubernare TopCo ApS

Østerbrogade 135, 2100 Copenhagen

CVR no. 39 96 91 30

Annual report 2018/19

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

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Christian Stendevad

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 Gubernare TopCo Aps for the financial period 25 October 2018 - 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 period 25 October 2018 - 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:

Sebastian Ramin Künne Executive Director	Morten Grube Weicher Executive Director

Board of Directors:

James Ernest Ousley Chairman	Morten Grube Weicher Deputy Chairman	Sebastian Ramin Künne Deputy Chairman
Lars Dybkjær	Peter Granild Colsted	John Dawson Clark
Kevin Michael Hickey	Franck Leon Cohen	

Independent auditor's report

To the shareholders of Gubernare TopCo Aps

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Gubernare TopCo Aps for the financial period 25 October 2018 - 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 period 25 October 2018 - 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	State Authorised
Public Accountant	Public Accountant
mne26693	mne44060

Management's review

Company details

Name	Gubernare TopCo ApS
Address, Postal code, City	Østerbrogade 135, 2100 Copenhagen
CVR no.	39 96 91 30
Established	25 October 2018
Registered office	Copenhagen Municipality
Financial year	25 October 2018 - 31 December 2019
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	Sebastian Ramin Künne, Executive Director Morten Grube Weicher, Executive Director
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	2018/19
Key figures	
Gross margin	112,613
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-43,297
Net financials	-372
Depreciation & amortisation	-127,670
Profit/loss for the year	**-153,605**
Total assets	888,793
Equity	**723,826**
Cash flows from operating activities	-48,791
Net cash flows from investing activities	-680,883
Investment in property, plant and equipment	-487
Financial ratios	
Return on assets	-19,2%
Solvency ratio	81.4%
Return on equity	-21,2%
Average number of employees	**186**
Number of employees at the end of the year	**179**

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

Gubernare TopCo Group

The consolidated financial statements of Gubernare TopCo Group (“Group”) comprise Gubernare TopCo ApS (“Parent Company”) and subsidiaries controlled by Gubernare TopCo ApS.

Management's review

Gubernare Holdings Jersey Limited and GRO Holding VII ApS founded Gubernare TopCo Aps on 25 October 2018 with the purpose of acquiring the business of Omada A/S.

The shares of Omada A/S were acquired on 12 December 2018 in agreement with the shareholders of Omada A/S and through the subsidiary Gubernare BidCo ApS.

Business review

In 2019 Omada has continued to make investments for the long term growth of the company. These have included a number of strategic executive appointments including a new Chief Executive Officer and new Chief Customer Officer, as well as increased investments in its GTM functions in North America and Europe. Further executive leadership appointments were made in January 2020 with a new CRO and CFO further enhancing the organisation’s capability.

As the IGA market evolves the demand for cloud based enterprise grade solutions is accelerating. The significant investments that have been made into Omada’s SaaS platform during this period are now starting to show materially increased market demand. This is further supported by Gartner recognising this and positioning Omada as a “Leader” in the Gartner Magic Quadrant for Identity Governance and Administration ahead of many well-known market brands.

Strong customer and market understanding have long been a core part of Omada’s success and this has continued to be the case in 2019 with high levels of customer retention and expansion. Omada has further strengthened this with enhancements in Customer Success and investment in its IdentityPROCESS+ and IdentityPROJECT+ methodologies. These methodologies provide industry best practice processes and implementation model that accelerate time to value and differentiate Omada from its competitors in the market.

These investments delivered on in 2019 will continue moving forwards as the company executes on its clear growth strategy of a cloud based leader that delivers rapid business value in Identity Governance and Administration.

In 2018/19, Gubernare TopCo Group reported earnings after tax of DKK -153,605 thousand. Besides the above mentioned investments in R&D and sales, the results for 2019 were also affected by some loss-making consultancy projects (that are now completed) and the amortization of the purchase price. The balance sheet is solid with an equity account of DKK 723,826 thousand.

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.

Management's review

Research and development activities

As a provider of software products and services, R&D activities are of key importance to Omada. Throughout 2018/19, 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 Group 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 25 October 2018 - 31 December 2019

Income statement

Note	DKK'000	Group 2018/19	Parent company 2018/19
	Gross margin	112,613	-80
2	Staff costs	-155,910	-
3	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-127,670	-
	Profit before net financials	-170,967	-80
	Income from investments in group entities	0	-153,576
4	Financial income	69	119
5	Financial expenses	-441	-67
	Profit before tax	-171,339	-153,605
6	Tax for the year	17,734	0
	Profit for the year	-153,605	-153,605

Consolidated financial statements and parent company financial statements 25 October 2018 - 31 December 2019

Balance sheet

Note	DKK'000	Group 2019	Parent company 2019
	ASSETS		
	Non-current assets		
7	**Intangible assets**		
	Goodwill	422,351	-
	Customer relationships	191,212	-
	Software	171,700	
	Completed development projects	16,480	-
		801,743	-
8	**Property, plant and equipment**		
	Other fixtures and fittings, tools and equipment	1,073	-
		1,073	-
9	**Financial assets**		
	Investments in group entities, net asset value	-	714,774
	Other receivables	1,177	-
13	Deferred tax assets	9,963	-
		11,140	714,774
	Total non-current assets	813,956	714,774
	Current assets		
	Receivables		
10	Trade receivables	64,554	-
	Contract assets	311	-
	Receivables from group entities	-	8,686
	Income taxes receivable	4,252	-
11	Prepayments	2,357	-
		71,474	8,686
	Cash	3,363	448
	Total current assets	74,837	9,134
	TOTAL ASSETS	888,793	723,908

Consolidated financial statements and parent company financial statements 25 October 2018 - 31 December 2019

Balance sheet

		Group	Parent company
Note	**DKK'000**	**2019**	**2019**
	EQUITY AND LIABILITIES		
	Equity		
12	Share capital	8,813	8,813
	Retained earnings	715,013	715,013
	Total equity	723,826	723,826
	Non-current liabilities		
13	Deferred tax	84,108	-
14	Other payables	2,542	-
	Total non-current liabilities	86,650	-
	Current liabilities		
	Financial institutions	7,083	-
	Prepayments on contract assets	3,163	-
	Trade payables	22,931	82
	Income taxes payable	4,338	-
	Other payables	17,831	-
15	Contract liabilities	22,971	-
	Total current liabilities	78,317	82
	Total liabilities	164,967	82
	TOTAL EQUITY AND LIABILITIES	888,793	723,908

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17 Contractual obligations and contingencies, etc.
18 Security
19 Related parties
20 Appropriation of profit

Consolidated financial statements and parent company financial statements 25 October 2018 - 31 December 2019

Statement of changes in equity

	Group		
DKK'000	**Share capital**	**Retained earnings**	**Total**
Foundation of the company	50	0	50
Capital contribution	8,763	872,501	881,264
Transfer through appropriation of profit	0	-153,605	-153,605
Acquisition of treasury shares & warrants bought in subsidiaries	0	-7,606	-7,606
Consideration for warrants issued	0	4,463	4,463
Exchange adjustment etc.	0	-740	-740
Equity at 31 December 2019	8,813	715,013	723,826

		Parent company			
Note	**DKK'000**	**Share capital**	**Share premium**	**Retained earnings**	**Total**
	Foundation of the company	50	-	-	50
	Capital contribution	8,763	872,501	-	881,264
	Transfer to retained earnings	-	-872,501	872,501	0
20	Transfer, see "Appropriation of profit"	-	-	-153,605	-153,605
	Acquisition of treasury shares & warrants bought in subsidiaries	-	-	-7,606	-7,606
	Consideration for warrants issued		-	4,463	4,463
	Exchange adjustment etc.	-	-	-740	-740
	Equity at 31 December 2019	8,813	0	715,013	723,826

Consolidated financial statements and parent company financial statements 25 October 2018 - 31 December 2019

Cash flow statement

Note	DKK'000	Group 2019
	Operating activities	
	Profit for the year	-153,605
21	Non-cash adjustments	109,509
22	Changes in working capital	-11,149
	Cash generated from operations (operating activities)	-55,245
	Interest received, etc.	69
	Interest paid, etc.	-441
	Income taxes paid/received	6,826
	Net cash flows from operating activities	-48,791
	Investing activities:	
16	Acquisition of subsidiaries	-662,052
	Additions of intangible assets	-18,344
	Additions of property, plant and equipment	-487
	Net cash flows from investing activities	-680,883
	Financing activities	
	Increase in share capital	729,016
	Proceeds from loan	7,000
	Purchase of treasury shares	-3,011
	Net cash flows from financing activities	733,005
	Net cash flow	3,331
	Opening balance	0
	Foreign exchange adjustments	32
23	**Cash and cash equivalents at 31 December**	3,363

Consolidated financial statements and parent company financial statements 25 October 2018 - 31 December 2019

Notes to the financial statements

1 Accounting policies

The annual report of Gubernare TopCo ApS for 2018/19 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

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.

Business combinations

Newly acquired or newly established enterprises are recognized in the consolidated financial statements from the effective dates of acquisition.

The takeover method is applied for acquisitions if the Parent company gains control of the entity. Identifiable assets, liabilities, and contingent liabilities in companies acquired are measured at their fair values at the dates of acquisition. Identifiable intangible assets are recognized, if they can be separated or arise from a contractual right. Deferred tax is recognized on fair value adjustments.

Any excess of the cost of acquisition over the fair value of the identifiable assets, liabilities, and contingent liabilities acquired is recognized as goodwill under intangible assets.

In accounting for business combinations, judgment is required in determining whether an intangible asset is identifiable and should be recorded separately from goodwill. In addition, estimating the acquisition date fair values of the identifiable assets acquired and liabilities assumed involves considerable judgment. The measurements are based on information available on the acquisition date and are based on expectations and assumptions that have been deemed reasonable by management.

Consolidated financial statements and parent company financial statements 25 October 2018 - 31 December 2019

Notes to the financial statements

1 Accounting policies (continued)

These judgments, estimates, and assumptions can materially affect the financial position and profit for several reasons. Such reasons include, but are not limited to: fair values assigned to assets subject to depreciation and amortization affect the amounts of depreciation and amortization to be recorded in operating profit in the periods following the acquisition, subsequent negative changes in the estimated fair values of assets may result in additional expense from impairment charges, subsequent changes in the estimated fair values of liabilities and provisions may result in additional expense (if increasing the estimated fair value) or additional income (if decreasing the estimated fair value).

Acquisition cost consists of the fair value of the purchase price of the enterprise acquired. The net aggregate value of identifiable assets and liabilities is measured at fair value.

Transaction costs related to acquisitions are charged to the income statement as other external expenses at the time of acquisition.

Provisional values are used for initial recognition where there is uncertainty regarding the identification and measurement of acquired assets, liabilities, and contingent liabilities at the date of acquisition. Such provisional values can be adjusted or additional assets or liabilities included until 12 months after the acquisition date if new information is available regarding circumstances that existed at the time of acquisition and which would have affected the fair value at the time of acquisition had the information been known. Thereafter, no adjustments are made to goodwill, and changes in estimates of contingent consideration relating to business combinations are recognized in the income statement.

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.

Consolidated financial statements and parent company financial statements 25 October 2018 - 31 December 2019

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

Consolidated financial statements and parent company financial statements 25 October 2018 - 31 December 2019

Notes to the financial statements

1 Accounting policies (continued)

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.

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:

Goodwill	10 years
Customer relationships	8 years
Acquired Software	5 years
Completed development projects	5 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.

Consolidated financial statements and parent company financial statements 25 October 2018 - 31 December 2019

Notes to the financial statements

1 **Accounting policies (continued)**

Tax

The parent company is covered by the Danish rules on mandatory 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 no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

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

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Intangible assets include goodwill, customer relationships and software acquired as part of a business combination and other intangible assets such as development projects and other acquired intangible rights, including software licences and development projects.

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

Goodwill

Goodwill is recognized and measured at initial recognition as the difference between the cost and the net assets of the acquired company. The net assets of the acquired company are based on the fair value of assets and liabilities at the acquisition date. On recognition of goodwill, the goodwill is allocated to each of the Group’s activities that generate separate cash flows (cash generating units). The determination of cash-generating units follows the management structure and internal financial management and reporting of the Group.

Goodwill is amortized over 10 years.

Customer relationships

Customer relationships comprise the capitalized fair value of the customer relationships in acquired companies, recognized during the purchase price allocation.

Customer base is amortized over 8 years.

Software

Acquired software comprise the capitalized fair value of the customer base in acquired companies, recognized during the purchase price allocation.

Acquired software is amortized over 5 years.

Consolidated financial statements and parent company financial statements 25 October 2018 - 31 December 2019

Notes to the financial statements

1 Accounting policies (continued)

Completed development costs

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 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 is assessed for impairment on an annual basis.

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.

Consolidated financial statements and parent company financial statements 25 October 2018 - 31 December 2019

Notes to the financial statements

1 Accounting policies (continued)

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

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.

Cash

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

Warrants

The incentive programmes are considered as an equity-settled arrangement and according to the Danish Financial Statements Act are the grant-date fair value of the program not recognized as an expense over the period of the program.

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Notes to the financial statements

1 Accounting policies (continued)

Treasury shares

Treasury shares are recognised on equity at cost.

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.

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

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

Consolidated financial statements and parent company financial statements 25 October 2018 - 31 December 2019

Notes to the financial statements

1 Accounting policies (continued)

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 25 October 2018 - 31 December 2019

Notes to the financial statements

		Group	Parent company
	DKK'000	**2018/19**	**2018/19**
2	**Staff costs and incentive programmes**		
	Wages/salaries	141,316	-
	Pensions	10,834	-
	Other social security costs	3,760	-
		155,910	-
	Average number of full-time employees	186	-
	Number of employees at the balance sheet date	179	-
	Remuneration to members of management:		
	Executive board	-	-
	Board of Directors	-	-
		-	-

Group

Wages/salaries in the group company amounting to DKK 10,462 thousand have been recognised as "Completed development projects".

Incentive programmes

Please refer to note 12 for description hereof.

Consolidated financial statements and parent company financial statements 25 October 2018 - 31 December 2019

Notes to the financial statements

DKK'000		Group 2018/19	Parent company 2018/19
3	**Amortisation/depreciation of intangible assets and property, plant and equipment**		
	Amortisation of intangible assets	127,001	-
	Depreciation of property, plant and equipment	669	-
		127,670	-
4	**Financial income**		
	Interest income, group entities	0	119
	Other financial income	69	-
		69	119
5	**Financial expenses**		
	Interest expenses, group entities	-	-
	Other financial expenses	441	67
		441	67
6	**Tax for the year**		
	Estimated tax charge for the year	72	-
	Deferred tax adjustments in the year*	-18,437	-
	Tax adjustments, prior years	631	-
		-17,734	-

*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 25 October 2018 - 31 December 2019

Notes to the financial statements

7 Intangible assets

	Group				
DKK'000	**Goodwill**	**Customer relationships**	**Software**	**Completed develop-ment projects**	**Total**
Acquisition of subsidiaries	471,900	220,100	218,400		910,400
Additions in the year	-	-	459	17,885	18,344
Cost at 31 December 2019	471,900	220,100	218,859	17,885	928,744
Amortisation/depreciation during the year	49,549	28,888	47,159	1,405	127,001
Impairment losses and amortisation at 31 December 2019	49,549	28,888	47,159	1,405	127,001
Carrying amount at 31 December 2019	422,351	191,212	171,700	16,480	801,773
Amortised over	10 years	8 years	5 years	5 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.

Impairment test

As at 31 December 2019, management performed an impairment test of the carrying amount of goodwill and other non-current assets.

The impairment test performed is conducted by comparing the recoverable amount (value in use) with the carrying amount non-current assets added net working capital. Recoverable amounts are based on the value in use as calculated as the discounted value of the expected future cash flows on the basis of management's budgets and business plans for 2020-29.

Based on the impairment test performed, management believes that goodwill is not impaired.

Consolidated financial statements and parent company financial statements 25 October 2018 - 31 December 2019

Notes to the financial statements

8 Property, plant and equipment

DKK'000	Group Other fixtures and fittings, tools and equipment
Additions at acquisition	1,255
Additions during the year	487
Disposals during the year	-
Cost at 31 December 2019	1,742
Depreciation during the year	669
Disposals	-
Impairment losses and depreciation at 31 December 2019	669
Carrying amount at 31 December 2019	1,073
Depreciated over	3-5 years

Consolidated financial statements and parent company financial statements 25 October 2018 - 31 December 2019

Notes to the financial statements

9 Investments

DKK'000	Parent company Investments in group entities, net asset value
Additions in the year	876,696
Consideration paid at 31 December 2019	876,696
Exchange adjustment	-740
Share of the profit/loss for the year	-153,576
Treasury shares recognised in equity	-7,606
Value adjustments at 31 December 2019	-161,922
Net carrying amount at 31 December 2019	714,774

Parent company

Name	Legal form	Domicile	Interest
Subsidiaries			
Gubernare BidCo ApS	ApS	Copenhagen	100.00%

Group

The following companies are consolidated in the group accounts:

Name	Legal form	Domicile	Interest
Subsidiaries			
Gubernare BidCo ApS	ApS	Copenhagen	100.00%
Omada A/S	A/S	Copenhagen	100.00%
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%

Consolidated financial statements and parent company financial statements 25 October 2018 - 31 December 2019

Notes to the financial statements

10 Trade receivables (Group)

Portion falling due for payment more than one year after the financial year-end: DKK 745 thousand.

11 Prepayments (Group)

Prepayments include accrual of expenses relating to subsequent financial years.

	Parent company
DKK'000	**2019**
12 Share capital	
Analysis of the share capital:	
881,314,281 shares of DKK 0.01 nominal value each	8,813
	8,813

The company was founded with a nominal share capital of DKK 50 thousand and in December 2018 the share capital was increased in connection with the acquisition of the Omada A/S. The increase of DKK 8,763 thousand was mainly contributed in cash and shares in Omada A/S.

Shares

The share capital is divided into three share classes:

849,099,547 class A-shares

9,339,225 class B-shares

22,875,509 class C-shares

The shares carry the same rights with the exception of voting rights. Only class A-shares carry voting rights.

As of 31 December 2019 the subsidiary Omada A/S has acquired 6,104,756 shares in the Company and 22,090,200 warrants from employees who have left the group. The value of the acquired shares and warrants are recorded directly in equity DKK 7,606 thousand.

Warrants

As at 31 December 2019 the company has issued 68,626,527 warrants of DKK 0.01 nominal value each. The warrants are divided equally into 3 classes pending on subscription price and all warrants will subscribe class C-shares. The purchase price per warrant in Series I is a DKK amount corresponding to 7,71% of the share price, the purchase price per warrant in Series II is a DKK amount corresponding to 6,33% of the share price and the purchase price per warrant in Series III is a DKK amount corresponding to 5,47% of the share price. The warrants can only be exercised in case of a sale or an IPO. It is both management and key employees in the subsidiaries who participates in this warrant programme. The fair value of the warrants was DKK 14,141 thousand at the grant date.

Consolidated financial statements and parent company financial statements 25 October 2018 - 31 December 2019

Notes to the financial statements

	DKK'000	Group 2019	Parent company 2019
13	**Deferred tax**		
	Deferred tax at acquisition	-92,582	-
	Deferred tax, income statement	18,437	-
	Deferred tax at 31 December	74,145	-
	Deferred tax relates to:		
	Intangible assets	83,438	-
	Property, plant and equipment	-76	-
	Receivables	746	-
	Tax loss	-9,963	-
		-74,145	-
	Analysis of the deferred tax		
	Deferred tax assets	9,963	-
	Deferred tax liabilities	84,108	-
		-74,145	-

14 Other payables (Group and Parent company)

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

15 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.

Consolidated financial statements and parent company financial statements 25 October 2018 - 31 December 2019

Notes to the financial statements

16 Business combinations

On 12 December 2018 the Company acquired 100% of the shares in Omada A/S. Total acquisition price amounts to DKK 852,203 thousand settled partly in cash and contribution in kind for shares in Gubernare TopCo ApS.

	2019
Intangible assets	438.500
Tangible assets	1.255
Financial assets	989
Receivables	74.950
Cash	33.457
Deferred tax	-97.728
Payables	-71.119
Net assets	380.303
Goodwill	471.900
Total acquisition price *	852.203
Hereof cash	-33.457
Contribution in kind	-134.574
Warrant loan note	-19.981
Consideration loan note	-2.139
Cash consideration on acquisition date	662.052

*Including DKK 34,078 thousand in pass through amount regarding Omada Digital Services A/S.

17 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

	Group	**Parent company**
DKK'000	**2019**	**2019**
Operating rent and lease liabilities	4,121	-

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 for the income year 2019 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 25 October 2018.

Consolidated financial statements and parent company financial statements 25 October 2018 - 31 December 2019

Notes to the financial statements

18 Security

Group

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.

In addition, there are no collateral.

19 Related parties

Gubernare TopCo ApS' related parties comprise the following:

Parties with significant influence:

Related party	Domicile
Gubernare Holdings Jersey Limited	Jersey, UK
GRO Holding VII ApS	Copenhagen, DK

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 2, "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 Gubernare TopCo ApS and its wholly owned subsidiaries is dispensed.

Information on remuneration to Management

Information about remuneration to Management appears from note 2, "Staff costs and incentive programmes".

Consolidated financial statements and parent company financial statements 25 October 2018 - 31 December 2019

Notes to the financial statements

DKK'000		Parent company 2019
20	**Appropriation of profit**	
	Recommended appropriation of profit	
	Retained earnings/accumulated loss	-153,605
		-153,605

DKK'000		Group 2018/19
21	**Non-cash adjustments**	
	Amortisation/depreciation and impairment losses	127,671
	Financial income	-69
	Financial expenses	441
	Tax for the year	-17,734
	Other adjustments	-800
		109,509
22	**Changes in working capital**	
	Change in receivables	-4,860
	Change in trade and other payables	-6,289
		-11,149
23	**Cash and cash equivalents at year-end**	
	Cash in Gubernare Topco ApS	3,363
	Cash according to the balance sheet	3,363