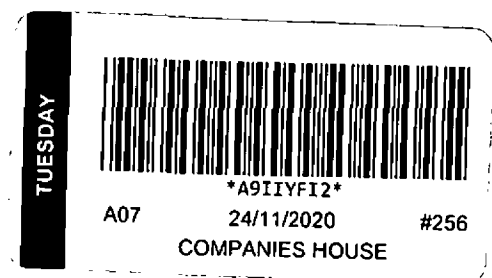


ONE IDENTITY (UK) LIMITED

ANNUAL REPORT

FINANCIAL YEAR ENDED 31 January 2020

Company Registration Number 10005088



ONE IDENTITY (UK) LIMITED
ANNUAL REPORT
FINANCIAL YEAR ENDED 31 JANUARY 2020

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ONE IDENTITY (UK) LIMITED
COMPANY INFORMATION
FINANCIAL YEAR ENDED 31 JANUARY 2020

Company secretary

Gravitas Company Secretarial Services Limited

Registered office

One Identity (UK) Limited
5th Floor
One New Change
London
England
EC4M 9AF

Independent Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Albert Quay
Cork
Ireland

Bankers

Citibank N.A. London Branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

ONE IDENTITY (UK) LIMITED

STRATEGIC REPORT

FINANCIAL YEAR ENDED 31 JANUARY 2020

The director has presented their strategic report on the company for the year ended 31 January 2020.

Review of the business

	2020	2019
	£'000	£'000
Turnover	11,198	11,050
Profit before tax	655	565
Profit for the financial year	504	447
Total equity	1,767	1,664
	Number	Number
Current assets/current liabilities	2.13	1.84
Average number of employees	63	67

The company is a limited risk service provider using an operating margin model with One Identity Software International Designated Activity Company ("OISIDAC"), in respect of the sale of One Identity products and services to customers in the UK.

Turnover is derived through the provision of selling and marketing services, technical support services, professional services and research and development for customers in the UK on behalf of OISIDAC, the company's parent undertaking.

The company's turnover is calculated as follows:

All sales and marketing costs related to UK sales are recharged to OISIDAC and the company receives a commission mark up of 3% on each sale made in the UK but recorded in OISIDAC's financial statements. The turnover for the year related to this was £6,230,000.

All technical support costs are recharged at 5% mark-up to OISIDAC (£908,000 turnover), all research and development costs are recharged at 5% mark-up to OISIDAC (£2,088,000 turnover) and all professional services costs are recharged to OISIDAC at a mark-up of 10% (£1,972,000 turnover).

Operating expenses for the year ending 31 January 2020 were £10,543,000 including total payroll costs of £8,534,000, £654,000 of consulting services, travel and expense costs of £619,000, marketing costs £576,000 and other costs of £160,000.

The corporation tax charge for the year ending 31 January 2020 was £151,000 (2019: £118,000).

The average employee headcount for the year ending 31 January 2020 totalled 63, comprised of: Technical Support staff (8); Research and Development (24); Professional Services (9); and Sales and Marketing (22).

ONE IDENTITY (UK) LIMITED

STRATEGIC REPORT (continued)

FINANCIAL YEAR ENDED 31 JANUARY 2020

Risks and uncertainties

As the company primarily operates as a limited risk service provider for OISIDAC, its main operating risk is managing revenue and operating expenses for the entity. The profit or loss of the entity can rise and fall depending on the company's ability to effectively manage its operating expenses as well as the revenue recorded in OISIDAC.

Commercial Risks

COVID-19 pandemic

The COVID-19 coronavirus pandemic is likely to have lasting effects on the global economy, including consumer confidence and demand. It is having some impact on the company's operations and employees in the short term. The company has taken actions to manage the impact of this crisis. Although the duration and final impact is still uncertain, its effect on the company is limited because it operates under a limited risk service provider using an operating margin model with its parent undertaking.

Market conditions

The company's revenues are largely dependent on the demand for computer products of the immediate parent company, One Identity Software International Designated Activity Company. This demand varies depending upon the nature of the product and according to the usual drivers of demand for IT solutions (i.e. general economic conditions and volatility, interest rates, business/consumer confidence levels, unemployment, population growth, etc.). The Seahawk Holdings (Cayman) Limited group, of which the company is a part, is pursuing a strategy of providing end-to-end solutions in order to meet the needs of customers and this is a key part of the company's risk mitigation approach.

Information technology and business continuity

The company uses a range of information technology and decision support systems for the provision of key services, control procedures and financial management. These systems regularly reviewed and updated to meet the needs of the company. Business continuity and disaster recovery planning is regularly assessed and tested to ensure the company is adequately resourced and maintains an appropriately robust environment including preventative processes on cybercrime.

Brexit

Following the decision of the UK to exit the European Union ("Brexit") it may have implications for our business as the group provides software solutions to group customers based in the UK, as the terms of the UK's exit from the European Union are currently uncertain, the full impact remains unknown, the directors will continue to focus on the challenges arising from Brexit.

As it is currently unknown what impact of Brexit will have going forward on One Identity (UK) Limited, Brexit strategy will continue to evolve as and when further terms of the exit become apparent.

Human resources

People, teams and talent management are an integral part of the company's business and are key to continuing progress. Competition for talent is significant both within the industry and beyond it. The company attracts and retains its people through provision of on-going opportunity for career progression, training initiatives and continually identifying emerging managers and leaders within the company including talent management and graduate recruitment programs.

ONE IDENTITY (UK) LIMITED
STRATEGIC REPORT (continued)
FINANCIAL YEAR ENDED 31 JANUARY 2020

Financial Risks

The company's operations are not open to significant financial risks.

Foreign exchange risk

The company operates in the UK market. Transactions are primarily denominated in pound sterling, and as any exposure is not sufficiently significant to warrant the use of hedging instruments to mitigate any foreign exchange risk.

Credit risk

The company's principal activity is the marketing and sales of software products under an operating margin agreement with OISIDAC (the company's immediate parent undertaking). Under the agreement ownership of trade receivables arising from the sale of these products, along with any associated credit risk, rests with OISIDAC.

Interest rate cash flow risk

The company's operations, as a sales and marketing entity and group loan arrangements ensures the entity is not exposed to external risk factors such as liquidity and interest rate risk.

Taxation

The company is exposed changes in UK taxation rates or legislation changes that could increase the company's effective tax rate.

Aiden Lyne

Director

Approved by the Director on 13 November 2020



ONE IDENTITY (UK) LIMITED

DIRECTORS' REPORT

FINANCIAL YEAR ENDED 31 JANUARY 2020

The director presents the annual report and the audited financial statements of the company for the financial year ended 31 January 2020.

Principal activity and business review

The company is a limited risk service provider using an operating margin model with One Identity Software International Designated Activity Company ("OISIDAC"), its immediate parent company, in respect of the sale of One Identity products and services to customers in the UK territory.

Turnover is derived through the provision of selling and marketing services, technical support services, professional services and research and development for UK customers on behalf of OISIDAC. All sales and marketing costs related to UK sales are recharged to OISIDAC and the company also receives a commission mark up of 3% on each sale made in the UK but recorded in OISIDAC's financial statements. All technical support costs are recharged at 5% mark-up to OISIDAC, all research and development costs are recharged at 5% mark up to OISIDAC, a fellow group undertaking, and all professional services costs are recharged at a mark-up of 10% to OISIDAC.

Management consider operating costs and revenue recorded to be the key performance indicators.

Results for the year

Profit for the year amounted to £504,000 (2019: £447,000).

Dividends

The company paid a cash dividend to OISIDAC, the company's immediate parent company, during the year of £400,000 (2019: £Nil).

Financial risk management objectives and policies

The company operates most of its operations in Pound Sterling. However, it does have exposure to movements in foreign exchange rates, mainly intercompany transactions in Euro and US Dollar. Movements in exchange rates does not significantly affect the entity, except those applied by Seahawk Holdings (Cayman) Limited and its group companies.

Future prospects

The company operates in a highly competitive market and is reliant upon Seahawk Holdings (Cayman) Limited group companies for ongoing product development. They have confirmed their commitment to continuing to develop their own products and make suitable acquisitions where appropriate for the foreseeable future.

Due to the profile of the company's contractual activity being mainly of low value high volume transactions, the director believes the company is shielded from the general downturn in the market.

The company's business activities, together with the factors likely to affect its future development and performance are set out above. In addition, the current dynamic market, including the impact of COVID-19, could create some uncertainty over the level of demand for the company's products.

ONE IDENTITY (UK) LIMITED

DIRECTORS' REPORT (continued)

FINANCIAL YEAR ENDED 31 JANUARY 2020

Going concern

The directors, after making enquiries and having regard to the company's financial position, the company's expected trading performance and cash flows, have a reasonable expectation that the company has adequate resources to continue operating for the foreseeable future. Therefore, these financial statements have been prepared on a going concern basis.

The company meets its day-to-day working capital requirements through its cash inflows from operations. The company is a limited risk service provider using an operating margin model with One Identity Software International Designated Activity Company ("OISIDAC"), its immediate parent company, in respect of the sale of One Identity products and services to customers in the UK territory. In assessing whether the going concern assumption is appropriate, the directors have taken into account all available information up to 30 November 2021, being at least 12 months following the approval of these financial statements.

In particular, the directors have considered the outbreak of the novel coronavirus ("COVID-19") and the impact of measures to prevent its spread being implemented by the Government in the UK, the company and the One Identity Group. In arriving at its conclusion, the Board has taken account of the level of intercompany financing and cash resources which the company maintains to enable it to meet its working capital requirements. The Board have also assessed the impact of the outbreak on its financial and trading outlook, and considered this on its cash flows, along with appropriate mitigations.

Post balance sheet events

Subsequent to year-end, the COVID-19 coronavirus pandemic has spread across the globe. It is causing significant financial market, economic and social disturbance globally and in the UK, including significant disruption to business and economic activity. This is a non-adjusting post balance sheet event for the company.

Given the nature of the event, the ultimate extent of the effect on the company of the measures taken in UK and globally to contain the spread of COVID-19 cannot be determined or quantified at present. However, the directors have determined the company will be able to continue its operations and functions for the One Identity group in this environment. Turnover is derived through the provision of selling and marketing services, technical support services, professional services and research and development for customers in the UK on behalf of OISIDAC, the company's parent undertaking. The outbreak of COVID-19 and the measures to prevent its spread have had some operational impacts on the company since the imposition of government restrictions in the UK since March 2020, but management have been able to manage this impact and the company has continued its functions with most employees working from home. The directors will continue to monitor any significant adverse changes to cash flows, any adverse indicators in respect of the carrying value of assets and additional liabilities as a result of this pandemic, and take appropriate measures to address these matters, if required.

There have been no other significant events affecting the company since the financial year end requiring disclosure in the financial statements.

Director's and secretary's interests in shares

The beneficial interests, including the interest of spouses and minor children of the director and secretary of the company in office on 31 January 2020 in the shares of the company were nil.

Director

The Director who served the company during the year ended 31 January 2020 and to the date of approval of the financial statements was as follows:

Aiden Lyne

ONE IDENTITY (UK) LIMITED

DIRECTORS' REPORT (continued)

FINANCIAL YEAR ENDED 31 JANUARY 2020

Company secretary

The company secretary who are currently or served as the company secretary during the year and to the date of approval of this report are set out below. Except where indicated, they served for the year.

Gravitas Company Secretarial Services Limited

Director indemnities

The company maintains liability insurance for its Director and officers which is a qualifying third party Indemnity provision for the purposes of the Companies Act 2006.

Political donations

UK Company Law requires companies to disclose all political donations over £2,000 in aggregate made during the financial year. The director in enquiry has satisfied himself that no such donations in excess of this amount have been made by the company.

Disabled employees

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employee involvement

The company operates an equal opportunities policy to all employees in respect of recruitment, training and career development and maintains an open communication channel to all staff with regard to matters affecting the performance of the company.

Statement of directors' responsibilities

The director is responsible for preparing the Strategic report and the Director's report in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the Director has prepared the financial statements in accordance with United Kingdom Accounting Standards Generally Accepted Accounting Practice including Financial Reporting Standard 101, The Financial reporting Standard Applicable in the UK and Republic of Ireland (FRS 101).

Under company law, the Director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Director is required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

ONE IDENTITY (UK) LIMITED

DIRECTORS' REPORT (continued)

FINANCIAL YEAR ENDED 31 JANUARY 2020

Statement of directors' responsibilities-continued

The Director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. The director is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

The Director at the date of approval of this report confirms that:

- (a) So far as the Director is aware there is no relevant audit information of which the company's auditors are unaware, and
- (b) The Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware if any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next meeting of the board of directors.

Signed on behalf of the Director

A Lyne
Director

Approved by the Director on 13 November 2020





Independent auditors' report to the members of One Identity (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, One Identity (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the balance sheet as at 31 January 2020; the profit and loss account, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 January 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Declan Maunsell

Declan Maunsell (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Cork, Ireland
20 November 2020

ONE IDENTITY (UK) LIMITED
PROFIT AND LOSS ACCOUNT
FINANCIAL YEAR ENDED 31 JANUARY 2020

	Notes	2020 £'000	2019 £'000
Turnover	5	11,198	11,050
Administrative expenses		<u>(10,543)</u>	<u>(10,485)</u>
Profit before tax	6	655	565
Tax on profit	7	<u>(151)</u>	<u>(118)</u>
Profit for the financial year		<u>504</u>	<u>447</u>
Total comprehensive income for the year		<u>504</u>	<u>447</u>

Turnover and profit before tax arose solely from continuing operations. There were no recognised gains and losses other than those recognised in the profit and loss account and, therefore, no separate statement of comprehensive income has been prepared.

The notes on pages 14 to 26 form part of these financial statements.

ONE IDENTITY (UK) LIMITED

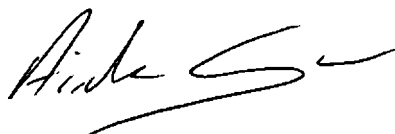
BALANCE SHEET

AS AT 31 JANUARY 2020

	Notes	2020		2019	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	10		23		10
Current assets					
Debtors	11	2,048		2,764	
Cash at bank		<u>1,233</u>		<u>869</u>	
		3,281		3,633	
Creditors: Amounts falling due within one year	13	<u>(1,537)</u>		<u>(1,979)</u>	
Net current assets			1,744		1,654
Net assets			<u>1,767</u>		<u>1,664</u>
Capital and reserves					
Called-up share capital - presented as equity	14		-		-
Other reserves	15		874		874
Profit and loss account	15		<u>893</u>		<u>790</u>
Total equity			<u>1,767</u>		<u>1,664</u>

These financial statements were approved by the director and authorised for issue on 13 November 2020.

The notes on pages 14 to 26 form part of these financial statements.



Aiden Lyne
Director

ONE IDENTITY (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY

FINANCIAL YEAR ENDED 31 JANUARY 2020

	Notes	Called-up share capital presented as equity £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
Balance at 1 February 2018		-	874	343	1,217
Profit for the financial year		-	-	447	447
Total comprehensive income for the financial year		-	-	447	447
Balance at 31 January 2019		-	874	790	1,664
Balance at 1 February 2019		-	874	790	1,664
Profit for the financial year		-	-	503	503
Total comprehensive income for the financial year		-	-	503	503
Dividend paid	9	-	-	(400)	(400)
Total transactions with owners recognised directly due to equity		-	-	(400)	(400)
Balance at 31 January 2020		-	874	893	1,767

ONE IDENTITY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 JANUARY 2020

1 General information

One Identity (UK) Limited is incorporated as a company limited by shares and is domiciled in the United Kingdom. The address of its registered office is 5th Floor, One New Change, London, EC4M 9AF.

One Identity Software International Designated Activity Company, a company incorporated in the Republic of Ireland, owns 100% of the equity share capital of One Identity (UK) Limited and is the company's immediate controlling parent.

One Identity (UK) Limited's ultimate controlling parent is Seahawk Holdings (Cayman) Limited, a company registered in the Cayman Islands. Seahawk Holdings (Cayman) Limited prepares group financial statements and is both the smallest and largest group for which group financial statements are drawn up and of which One Identity (UK) Limited is a member. Copies of the Seahawk Holdings (Cayman) Limited group financial statements are available from the Company Secretary at Francisco Partners IV.LP, One Letterman Drive, Building C – Suite 410, San Francisco, CA 94129 USA.

The financial statements are for the financial year ending 31 January 2020.

2 Statement of compliance

The entity financial statements have been prepared on a going concern basis and in accordance with accounting standards issued by the UK Financial Reporting Council and the Companies Act 2006. The entity financial statements comply with Financial Reporting Standard 101, *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (FRS 101). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the European Union, but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

3 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The entity financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with FRS 101 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year. It also requires the director to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 4.

ONE IDENTITY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 JANUARY 2020

3 Accounting policies (continued)

Going concern

The directors, after making enquiries and having regard to the company's financial position, the company's expected trading performance and cash flows, have a reasonable expectation that the company has adequate resources to continue operating for the foreseeable future. Therefore, these financial statements have been prepared on a going concern basis.

The company meets its day-to-day working capital requirements through its cash inflows from operations. The company is a limited risk service provider using an operating margin model with One Identity Software International Designated Activity Company ("OISIDAC"), its immediate parent company, in respect of the sale of Quest products and services to customers in the UK territory. In assessing whether the going concern assumption is appropriate, the directors have taken into account all available information up to 30 November 2021, being at least 12 months following the approval of these financial statements.

In particular, the directors have considered the outbreak of the novel coronavirus ("COVID-19") and the impact of measures to prevent its spread being implemented by the Government in the UK, the company and the One Identity Group. In arriving at its conclusion, the Board has taken account of the level of intercompany financing and cash resources which the company maintains to enable it to meet its working capital requirements. The Board have also assessed the impact of the outbreak on its financial and trading outlook, and considered this on its cash flows, along with appropriate mitigations.

New standards, amendments, and interpretations to existing standards

New and amended standards adopted by the company

IFRS 16 is a new accounting standard that is effective for the year ended 31 January 2020 and did not have a material impact on the company's financial statements. There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 January 2020 that have had a material impact on the company's financial statements.

Revenue recognition

Turnover is derived through the provision of selling and marketing services, technical support services and professional services for UK customers on behalf of OISIDAC, the immediate parent undertaking, and through the provision of research and development on behalf of One Identity LLC (US), a fellow group company. All new software license and maintenance contracts are entered into by OISIDAC and only OISIDAC has authority to negotiate and conclude contracts with customers.

Turnover is accounted for on an accruals basis and arises from costs recorded in the UK related to the delivery of the services outlined above.

All sales and marketing costs related to UK sales are recharged to OISIDAC and the company also receives a commission mark up of 3% on each sale made in the UK but recorded in OISIDAC's financial statements. All technical support costs are recharged at 5% mark-up to OISIDAC, all research and development costs are recharged at 5% mark up to One Identity LLC (US), a fellow group undertaking, and all professional services costs are recharged at a mark-up of 10% to OISIDAC.

Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

ONE IDENTITY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 JANUARY 2020

3 Accounting policies (continued)

Foreign currencies

Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in pounds sterling, which is the company's functional and presentation currency and is denoted by the symbol "£", and unless otherwise stated, the financial statements have been presented in thousands ('000).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Pensions and other post-employment benefits

The company's employees participate in a defined contribution pension scheme.

Defined contribution pension scheme

The company also operates a defined contribution plan. The company pays contributions to a privately administered pension plan on a contractual basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Current and deferred taxation

The company is managed and controlled in the UK and, consequently, is tax resident in the UK.

Current tax is calculated on the profits of the period. Current tax is determined using tax rates (and laws) that have been enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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ONE IDENTITY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 JANUARY 2020

3 Accounting policies (continued)

Financial instruments - continued

(i) Financial assets - continued

Subsequent measurement

Debt instruments of the Company mainly comprise of cash and cash equivalents, trade and other receivables (including related party receivables) and other assets.

There are three prescribed subsequent measurement categories, depending on the Company's business model in managing the assets and the cash flow characteristic of the assets. The Company manages its financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, the Company's financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

The Company assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

For trade and other receivables (including related party receivable), the Company applied the simplified approach permitted which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the lifetime expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and aging category and measured based on historical loss rates adjusted by forward looking estimates and individual assessment.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. There were no changes in the derecognition policy before and from 1 February 2018.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

ONE IDENTITY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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3 Accounting policies (continued)

Impairment of non-financial assets

At the end of each financial year non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is estimated.

The recoverable amount of the asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from continuing use of the asset and from its ultimate disposal. In measuring value in use pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current risk-free market rate and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of the asset is less than the carrying amount of the asset the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in profit or loss.

If an impairment loss reverses (the reasons for the impairment loss having ceased to apply), the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior financial years. A reversal of an impairment loss is recognised in the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held on call with banks and bank overdrafts. On the balance sheet, bank overdrafts are shown within Creditors, amounts falling due within one year.

Creditors and accruals

Trade creditors are recognised at fair value, which is usually the original invoice amount. If payment is due within one year or less payables are classified as current liabilities. If not, they are presented as amounts falling due after more than one year.

Accruals includes gas and electricity purchase accruals and network related accruals. Other creditors falling due within one year includes deposits and other credit balances with customers.

ONE IDENTITY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 JANUARY 2020

3 Accounting policies (continued)

Provisions

A provision is recognised when, and only when (a) the company has a present obligation (legal or constructive) as a result of a past event, (b) it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

Provisions for obligations relating to the disposal and dismantling of certain assets and related restoration requirements, are recognised when the company has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

A provision for onerous contracts is recognised when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Contingent liabilities and contingent assets

A contingent liability, including contingent liabilities in respect of financial guarantee contracts, is a possible obligation that arises from past events and the existence of which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events but is not recognised because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (ii) the amount of the obligation cannot be measured with sufficient reliability. A contingent liability is not recognised but is disclosed in the notes to the financial statements.

A contingent asset is a possible asset that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the company. Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain an asset is recognised.

Dividend distribution

Dividend distributions to the company's shareholder are recognised in the company's financial statements in the period in which the dividends are approved by the company's shareholder, or when paid.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

ONE IDENTITY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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4 Critical accounting estimates and assumptions

Estimates and judgements made in the process of preparing the entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Director makes estimates and assumptions concerning the future in the process of preparing the entity financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5 Turnover

Turnover is derived through the provision of selling and marketing services, technical support services, professional services and research and development for UK customers on behalf of One Identity Software International Designated Activity Company, the immediate parent undertaking.

The director considers the whole of Europe (including the UK) to constitute a single class of business and a single geographical market. Accordingly, no geographical analysis of turnover is presented.

6 Profit before tax

Profit before tax is stated after charging/(crediting):

	2020	2019
	£'000	£'000
Staff costs (note 8)	9,773	7,868
Research & development cost	90	215
Depreciation (note 10)	11	20
Foreign exchange loss	23	63
	<u> </u>	<u> </u>

As part of staff costs above is Research & Development costs of £1,899,000 (2019: £1,688,000).

The auditors' remuneration is borne by the immediate parent company, One Identity Software International Designated Activity Company.

ONE IDENTITY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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7 Income tax

a) Tax expense included in profit or loss	2019 £'000	2019 £'000
Current tax:		
UK corporation tax on profit for the financial year	150	125
Adjustment in respect of prior year	<u>2</u>	<u>3</u>
Total current tax expense	<u>152</u>	<u>128</u>
Deferred tax:		
Origination and reversal of timing differences (note 11)	<u>(1)</u>	<u>(10)</u>
Total deferred tax income	<u>(1)</u>	<u>(10)</u>
Tax on profit	<u>151</u>	<u>118</u>

(b) Reconciliation of tax expense

The standard rate of corporation tax is 19%. The differences between the tax charge for the year and the charge that would result from applying the average rate of corporation tax to profit before taxation are explained overleaf:

	2020 £'000	2019 £'000
Profit before taxation	<u>655</u>	<u>565</u>
Profit multiplied by the standard rate of tax of 19% (2019: 19%)	124	107
<i>Effects of:</i>		
Expenses not deductible for tax purposes	28	23
Timing differences	(1)	(10)
Adjustment to tax charge prior year	<u>-</u>	<u>(3)</u>
Tax on profit	<u>151</u>	<u>118</u>

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change will be immaterial to the financial statements.

ONE IDENTITY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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8 Employees

(i) Employees

The average number of staff employed by the company during the financial year amounted to:

	2020	2019
	No	No
Professional Services	9	11
Sales and marketing	22	26
Technical support	8	8
Research and development	24	22
	<u>63</u>	<u>67</u>

The aggregate payroll costs of the above were:

	2020	2019
	£'000	£'000
Wages and salaries	7,295	6,712
Social security costs	903	801
Other pension costs	336	355
	<u>8,534</u>	<u>7,868</u>

(ii) Director

The director was also a director or employee of other group companies during the year. The director did not receive any remuneration during the year in respect of their services to the company (2019: £nil). The director's entire remuneration has been borne by other group companies. There are no benefits accruing to the director (2019: £nil) under the company's defined contribution pension scheme.

9 Dividend paid

	2020	2019
	£'000	£'000
Dividend paid (£400,000 per share)	<u>400</u>	<u>-</u>

The company paid a cash dividend of £400,000 to One Identity Software International Designated Activity Company, its immediate parent company. The dividend was proposed and paid in the year.

ONE IDENTITY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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10 Tangible fixed assets

	Computer Equipment £'000
Cost	
At 1 February 2019	43
Additions	<u>24</u>
As at 31 January 2020	<u>67</u>
Accumulated Depreciation	
At 1 February 2019	(33)
Charge for the year	<u>(11)</u>
At 31 January 2020	<u>(44)</u>
Net book value	
At 31 January 2020	<u>23</u>
At 31 January 2019	<u>10</u>

11 Debtors

	2020 £'000	2019 £'000
Amounts owed from group undertakings		
- parent and fellow subsidiaries	1,913	2,599
Deferred tax asset (note 12)	11	10
Other debtors	<u>124</u>	<u>155</u>
	<u>2,048</u>	<u>2,764</u>

Amounts owed to group undertakings are unsecured, interest free, and are repayable on demand.

12 Deferred tax asset

The deferred tax asset included in the balance sheet is as follows:

	2020 £'000	2019 £'000
Included in debtors (note 11)	<u>11</u>	<u>10</u>

ONE IDENTITY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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12 Deferred tax asset (continued)

The movement in the deferred tax asset during the year was:

	2020 £'000	2019 £'000
At beginning of year	10	-
Credit to profit and loss account (note 7)	1	10
At end of year	<u>11</u>	<u>10</u>

The balance of the deferred tax account consists of the tax effect of timing differences in respect of:

	2020 £'000	2019 £'000
Excess of depreciation over taxation allowances	3	3
Short term timing differences	8	7
	<u>11</u>	<u>10</u>

13 Creditors – amounts falling due within one year

	2020 £'000	2019 £'000
Amounts owed to group undertakings	-	523
Corporation Tax	283	131
Social insurance	395	336
Accruals	859	989
	<u>1,537</u>	<u>1,979</u>

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

14 Share capital

	2020 £	2019 £
Equity shares of £1 each		
Authorised:		
1 ordinary shares (2018: 1 ordinary shares)	<u>1</u>	<u>1</u>
Allotted, called-up and fully paid - presented as equity:		
1 ordinary shares (2018: 1 ordinary shares)	<u>1</u>	<u>1</u>

There is a single class of equity shares. There are no restrictions on the distribution of dividends and the repayment of capital. All shares carry equal voting rights and rank for dividends to the extent to which the total amount on each share is paid-up.

ONE IDENTITY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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15 Other reserves

Profit and loss account

Profit and loss account represent accumulated comprehensive income for the financial year and prior financial years.

16 Post balance sheet events

Subsequent to year-end, the COVID-19 coronavirus pandemic has spread across the globe. It is causing significant financial market, economic and social disturbance globally and in the UK, including significant disruption to business and economic activity. This is a non-adjusting post balance sheet event for the company.

Given the nature of the event, the ultimate extent of the effect on the company of the measures taken in UK and globally to contain the spread of COVID-19 cannot be determined or quantified at present. However, the directors have determined the company will be able to continue its operations and functions for the One Identity group in this environment. Turnover is derived through the provision of selling and marketing services, technical support services, professional services and research and development for customers in the UK on behalf of OISIDAC, the company's parent undertaking. The outbreak of COVID-19 and the measures to prevent its spread have had some operational impacts on the company since the imposition of government restrictions in the UK since March 2020, but management have been able to manage this impact and the company has continued its functions with most employees working from home. The directors will continue to monitor any significant adverse changes to cash flows, any adverse indicators in respect of the carrying value of assets and additional liabilities as a result of this pandemic, and take appropriate measures to address these matters, if required.

There have been no other significant events affecting the company since the financial year end requiring disclosure in the financial statements.