



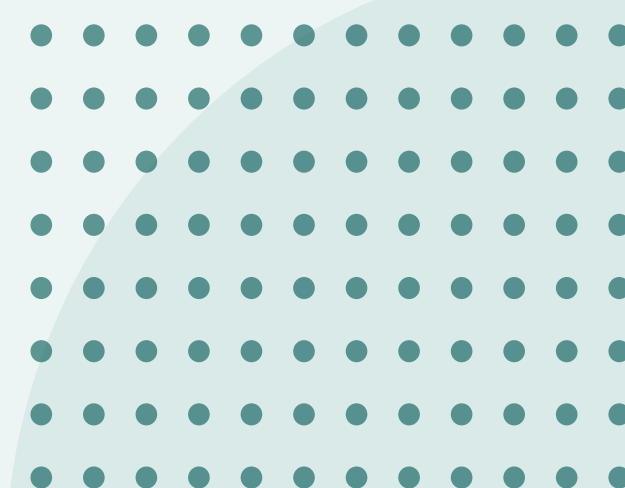
Q1 Report 2023

1 January 2023 - 31 March 2023

Impero A/S

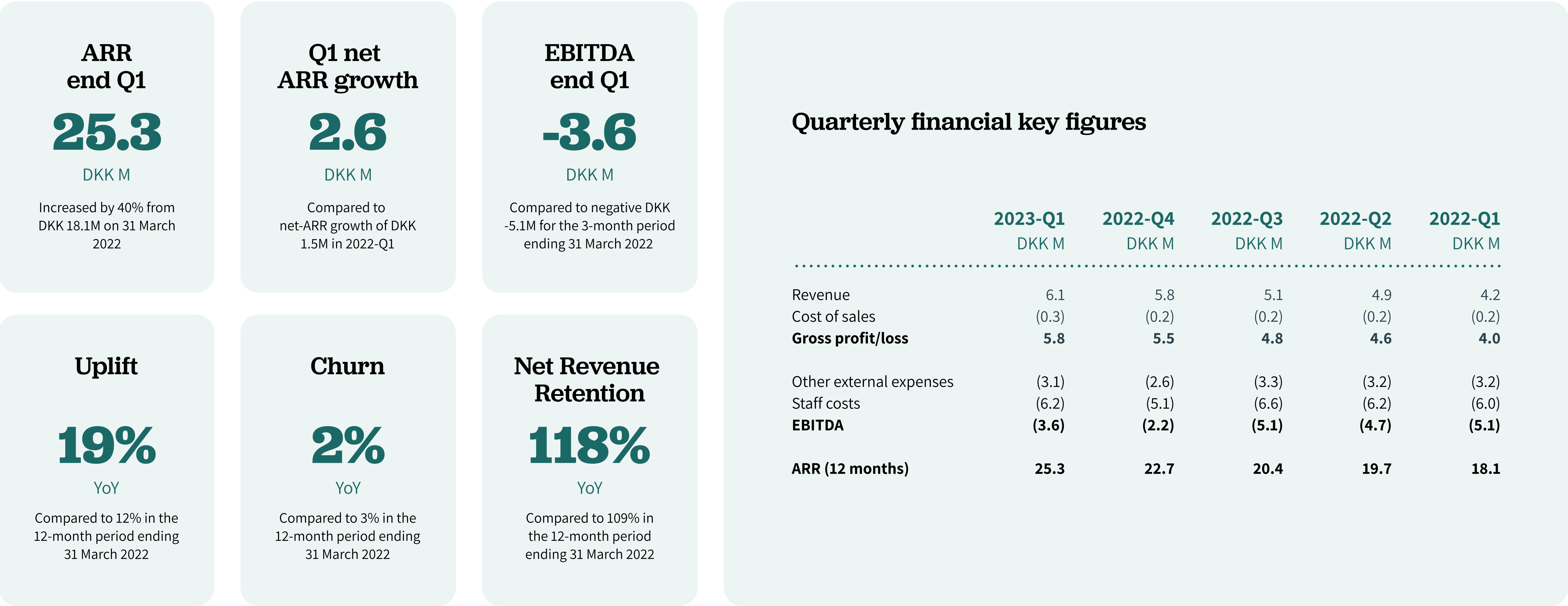
Klamsagervej 27, 2
8230 Åbyhøj, Denmark

CVR No.: 32326676



Introduction

At the end of the first quarter of 2023, Impero realized a 40% year-on-year Annual Recurring Revenue (ARR) growth rate and continued to demonstrate solid SaaS metrics. Revenue for the quarter increased by 46% while capacity costs (other external expenses and staff costs) only increased by 3%, leading to the planned improvement in EBITDA. Impero maintains guidance for the full year of 2023 with ARR within the DKK 29M to 33M range and EBITDA expected within the DKK -13M to -11M range.



Management commentary

Q1-2023 underlined the fundamental strength and importance of Impero’s mission, as companies and society have continued to increase their focus on compliance across the board.

As the pace of regulation increases, so does the need for tailored and templated solutions that enable companies to be transparent and live up to their promises. While enterprise companies have embedded compliance frameworks for business goals such as ESG and tax control frameworks for some time, a survey of CFOs’ 2023 outlook shows this demand is also increasing in smaller and mid-market businesses¹.

We are continuing our work with key partners to develop solutions to address this growing market and demand.

Commercial

We were pleased to onboard 15 customers in Q1-2023 in Germany, Denmark, Sweden, and Ireland, delivering 40% YoY growth in ARR. Our new customers’ use cases include tax compliance management, SOX compliance, month-end closing, and financial compliance. We saw an uplift from several large organizations in the German, Danish, and North American markets, which is testament to the ongoing value Impero brings as its use is expanded to other users or areas of our customers’ businesses.

We have continued to experience a solid inflow of leads in our main markets and traditional customer segments, and land-and-expand remains a strategic focus.

To date, the Impero platform has to a high degree been customized to each customer. This is ideally suited to larger organizations with complex compliance frameworks and strong in-house competencies and

continues to be the strategy for enterprise customers. However, as further regulations and market expectations affect a wider range of companies, we will launch solutions to address these in close collaboration with key partners.

During Q1 we finalized a templated solution for tax control management in partnership with KPMG Germany, targeted at the 15,000 German mid-market companies with revenue between EUR 10M and EUR 100M.

With many of these companies relying on manual processes for tax compliance and substantial fines for non-compliance, the template solution deals with direct tax, VAT, wage, and energy tax, as well as record-keeping and obligations for cross-border tax arrangements. Launched in early Q2-2023 we expect to see the benefits over the coming quarters.

At the same time, there is growing interest in ESG reporting solutions, compounded by the EU’s Corporate Sustainable Reporting Directive (CSRD) which takes effect for listed companies in 2024. This has led to a collaboration with a partner to develop a templated solution for CSRD requirements, which is currently being piloted in the Danish market. The Directive obliges companies in many markets to report their compliance, and more than 60,000 European companies comprise the market for such solution already in 2024.

Compliance requirements continue to develop, as does Impero’s offering. We have seen an increase in the use of our public API, particularly for the purpose of creating and sharing custom reports using Microsoft Power BI.

We believe the continued integration in the wider eco-

system for compliance will continue to fuel customers’ expanded use of the platform.

Capital

At the beginning of 2023, several warrant holders decided to exercise their warrants, with total proceeds for the company of DKK 1.4M. In combination with improved working capital, Impero ends Q1-2023 with a solid cash position of DKK 15.5M and with sufficient funding for continuing the planned investments in the commercial organization for at least this calendar year. As reflected in our outlook, management is focusing on striking a balance between improving EBITDA and investing in the development of the company. By the end of Q1 Impero is well on track to lower cash-burn from ordinary activities compared to net new ARR generated.

Organization

As we continue to scale the organization in line with our strategic objectives, we are pleased to welcome two senior appointments.

Our new Head of Sales in Germany, Nicolas Weisensee, started at the beginning of May and brings strong competencies within sales of software to enterprise customers in the German market as well as a solid network among current and future partners.

We are looking forward to welcoming Giuseppe Geresia as our new Chief Sales Officer joining Impero in mid-May.

Giuseppe brings substantial experience from international scaling of SaaS businesses and will join the senior leadership team taking responsibility for the continued international expansion of Impero.

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Together with our partners, during Q1-2023 we have laid the foundation for Impero to help businesses of many sizes live up to their promises.

This is an important step in Impero’s journey and demonstrates the enduring value of the mission we work towards every day.



Rikke Stampe Skov
CEO, Impero

1. CFO.com, 2023

ARR development and SaaS metrics

A key growth metric for Impero is ARR, which measures the recurring revenue of Impero’s subscriptions over a 12-month period at a given date.

ARR may decrease if a customer churns or downgrades their subscription and will increase when new customers are onboarded or when current customers expand their subscriptions.

At the end of March 2023, Impero’s ARR amounted to DKK 25.3M, an increase of 40% compared to 31 March 2022. Net ARR growth in the first quarter of the year amounted to DKK 2.6M, an increase from DKK 1.5M in the first quarter of 2022.

Of the new ARR generated in the first quarter of 2023, 31% comes from Denmark and 56% comes from the DACH region.

In line with previous periods, 46% of the new ARR is generated through Impero’s own channels with the remaining part stemming from the partner channel. Key metrics remain strong, with an uplift on existing customers of 19% YoY and a continuously low churn of 2% YoY.

Impero has therefore been able to retain 118% of the total ARR generated at the beginning of the 12-month period. Based on canceled yet active contracts, we expect a slightly increasing churn rate for the coming period, as churn is not recognized until a contract has ended.

As mentioned, we have seen inflow from new customers as well as increased usage of our platform among existing customers. We see an increase in the average revenue per account (ARPA), which reached DKK 175T as of 31 March 2023, an increase of 10% from the end of the first quarter of 2022.

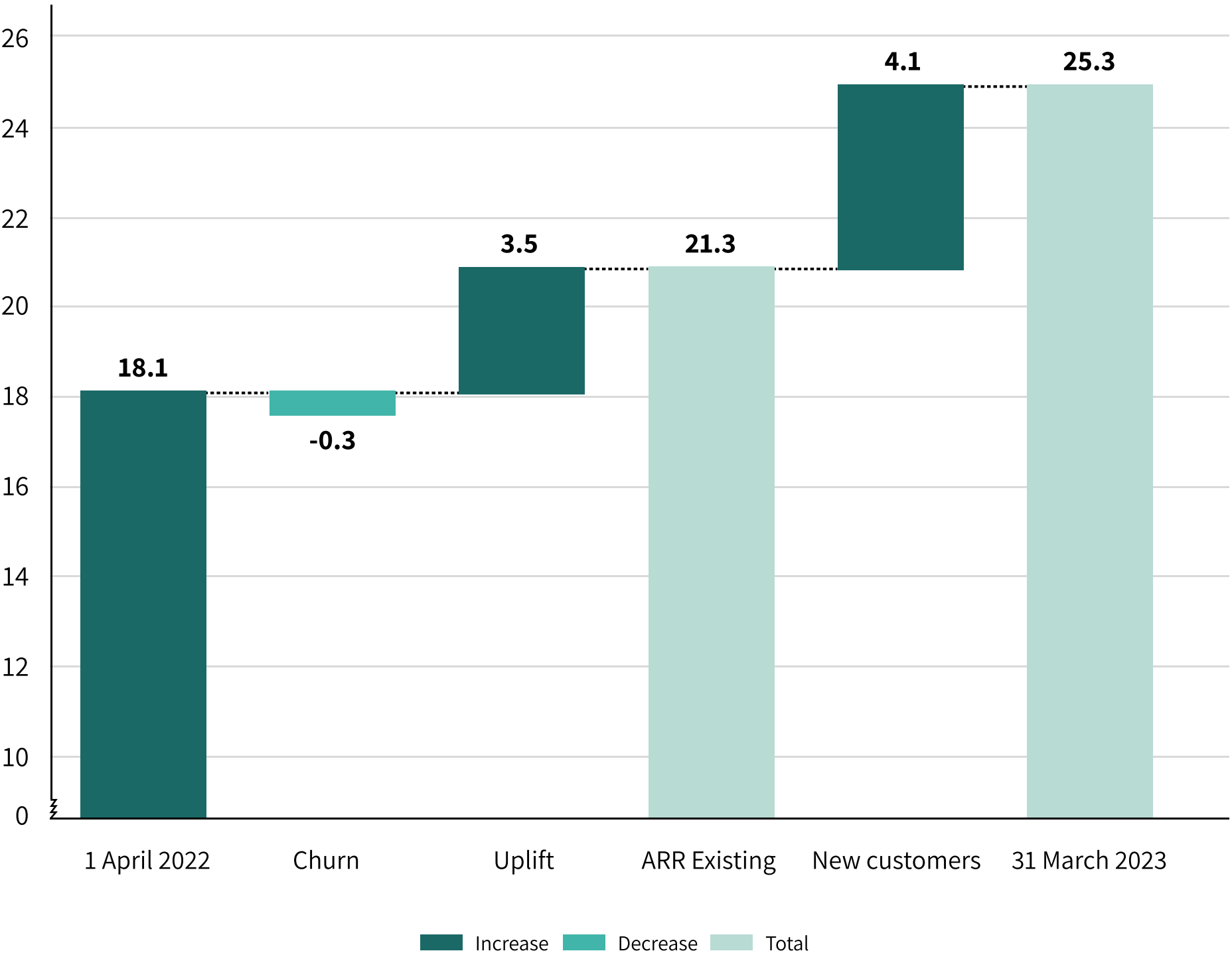
Impero SaaS metrics (12 months rolling)

	2023-Q1	2022-Q1
Annual Recurring Revenue (DKK M)	25.3	18.1
Average ARR Per Account (ARPA) (DKK T)	175	159
ARR Growth (%)	40%	36%
Uplift (%)	19%	12%
Churn (%)	2%	3%
Net Revenue Retention (NRR) (%)	118%	109%

Key SaaS definitions

- **Annual Recurring Revenue (ARR):** is a term for the recurring revenue from subscriptions at a given date for the coming 12 months. ARR will not factor in future events, including new deals closed but not yet recognized as revenue. Following the same logic, a churn is not realized until expiration. ARR is measured as the monthly recognized revenue from subscriptions multiplied by 12.
- **Churn:** is defined as the ARR from existing customers being canceled or reduced during a 12-month period, divided by the ARR at the beginning of the period. A churn is not realized until the expiration of the subscription period.
- **Uplift:** is the growth of recurring revenue generated by existing customers over a 12-month period.
- **Net Revenue Retention (NRR):** is the percentage of recurring revenue retained from existing customers and is based on ARR at the beginning of the period, adjusted for churn and uplift during the period.

ARR development (DKK M)



Outlook 2023

Impero maintains the outlook for 2023 with ARR in the range of DKK 29M to 33M by the end of 2023. The ARR outlook corresponds to growth rates between 28% and 46%. Impero will continue to invest in scaling the organization to ensure long-term ARR growth and at the same time focus on lowering the cash-burn. We expect EBITDA for 2023 to be in the range of DKK -13M to -11M.

The outlook is based on assumptions that the company can retain and attract partners as well as commercial and technical profiles to expand and develop the platform. Furthermore, the timing of revenue recognition for new customers is essential in relation to outlook. The company’s pipeline proves that the demand for Impero’s offerings is intact and that continuous investments in product development as well as commercial expansion continue to add value for Impero’s customers and shareholders.

Impero follows the geopolitical situation closely as the unfavorable macroeconomic conditions observed during 2022 are expected to continue in 2023, with somewhat longer sales cycles and increased uncertainty potentially leading to higher churn. The outlook is dependent on no further aggravation of the geopolitical instability observed.

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Safe-harbor statement: Statements about the future expressed in the Report reflect Impero’s current expectations for future events and financial results. The nature of these statements is affected by risk and uncertainties. Therefore, the Company’s actual results may differ from the expectations expressed in this Report.

Events after the period

On 31 March 2023 it was announced that Allan Lykke Christensen, Chief Technology Officer, stepped into the Impero Executive Management team as of 1 April 2023.

There have been no events that materially change the assessment of this Report from the balance sheet date and up to today.

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Impero is a very effective tool for control documentation. It helps us get an overview of our existing tax control management system and makes it possible to better evaluate it. This is a benefit for a large organization like ours.

Jan Pelnar

Manager Tax Controlling, Technology & Risk Management at thyssenkrupp AG



Statement by management

The Board of Directors and the Executive Board have today considered and approved the Report of Impero A/S for the period 1 January 2023 - 31 March 2023.

The Report, which has not been audited by the company’s auditors, is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Report gives a true and fair view of Impero’s financial position at 31 March 2023 and of the results of its operations for the period 1 January 2023 - 31 March 2023. We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

Copenhagen, 11 May 2023

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Executive Board

- Rikke Birgitte Skov**, Chief Executive Officer
- Morten Lehmann Nielsen**, Chief Financial Officer
- Allan Lykke Christensen**, Chief Technology Officer

Board of Directors

- Jørgen Vilhelm Løvenørn Bardenfleth**, Chair of the Board
- Sten Tore Sanberg Davidsen**, Vice Chair
- Helen Agering**, Board member
- Carsten Gerner**, Board member
- Line Køhler Ljungdahl**, Board member

Financial calendar

24 August 2023

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Interim Report (H1) 2023

14 November 2023

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Quarterly Report (Q3) 2023

14 March 2024

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Annual Report 2023

Financial review

Revenue

Recognized revenue in the 3-month period ending 31 March 2023 increased by 46% compared to the same period in 2022 and is a result of the commercial focus and investments in developing our platform and offerings. The revenue growth was fuelled by expanding activities in our main markets.

Cost of sales

Cost of sales has increased compared to the first three months of 2022, leading to a decrease in the contribution margin to 95% compared to a contribution margin of 96% the year before. The development in cost of sales is related to the activity level and increased hosting and platform security costs.

Other external expenses

Other external expenses dropped by 2% for the first three months of the year compared to the same period last year. Impero managed to keep costs related to distribution, sales, marketing, premises and administration in line with the same period last year by benefitting from the foundation established in 2021 and 2022.

Staff costs

Staff costs increased by 5% for the first three months of 2023 compared to the previous year and the development is primarily related to minor organizational changes and salary adjustments.

Operating profit/loss (EBIT)

Impero’s operating profit amounted to negative DKK 4.2M in the first three months of the year, which is an improvement from negative DKK 5.5M for the same period in 2022.

EBITDA

Impero’s EBITDA amounted to negative DKK 3.6M in the first three months of the year, which is an improvement from negative DKK 5.1 for the same period in 2022.

The development is driven by an increase in revenue of 46% while capacity costs (other external expenses and staff costs) only increased 3% in Q1-2023.

Intangible assets

Intangible assets as of 31 March 2023 have increased by 7% to DKK 7.8M when comparing to the end of 2022 and is primarily driven by investments in acquiring customers.

Income tax receivable

Income tax receivables consist of tax credits for 2022 and 2023 related to Impero’s development projects.

Trade receivables

Trade receivables as of 31 March 2023 have decreased by 23% compared to the end of 2022. The development reflects primarily the timing of contract renewals and payments. The Company does not foresee losses on its debtors.

Cash flow statement

Impero had a negative cash flow from ordinary operating activities of DKK 0.1M for the first three months of the year against a negative cash flow from ordinary operating activities of DKK 4.5M for the same period in 2022. The development is driven by the improved net result for the period, improved working capital, and a lower pay-out of variable compensation.

Cash-flow from investing activities was impacted by the acquisition of a number of existing customer relationships, that have been transferred to the Impero platform. Additions of intangible assets comes from investments to develop Impero’s product in accordance with the strategy.

Increase in cash flow from financing activities is related to proceeds from exercise of warrants of DKK 1.4M in January 2023.



Income statement

	2023-Q1-YTD	2022-Q1-YTD
	DKK T	DKK T
.....		
Revenue	6,118	4,194
Cost of sales	(330)	(186)
Other external expenses	(3,138)	(3,189)
Gross profit/loss	2,650	818
Staff costs	(6,238)	(5,952)
Depreciation, amortization and impairment losses	(575)	(385)
Operating profit/loss (EBIT)	(4,164)	(5,519)
Other financial income	60	0
Other financial expenses	(2)	(69)
Profit/loss before tax	(4,105)	(5,588)
Tax on profit/loss for the period	50	186
Profit/loss for the period	(4,055)	(5,402)
EBITDA	(3,588)	(5,134)



Balance sheet

Assets	31 March 2023	31 Dec 2022
	DKK T	DKK T
Completed development projects	6,201	6,216
Development projects in progress	795	735
Customer Acquisition	764	316
Intangible assets	7,761	7,266
Investments in group enterprises	214	214
Deposits	338	326
Other financial assets	551	540
Fixed assets	8,312	7,806
Trade receivables	3,830	4,953
Receivables from group enterprises	548	545
Deferred tax	435	435
Income tax receivable	700	649
Prepayments	810	1,001
Other receivables	78	41
Receivables	6,401	7,623
Cash	15,526	15,168
Current assets	21,927	22,791
Assets	30,239	30,597

Equity and liabilities	31 March 2023	31 Dec 2022
	DKK T	DKK T
Contributed capital	2,008	2,008
Reserve for development expenditure	5,457	5,421
Retained earnings	6,403	9,060
Equity	13,868	16,489
Trade payables	685	1,015
Payables to group enterprises	43	181
Other payables	3,135	3,304
Deferred income	12,509	9,609
Current liabilities other than provisions	16,371	14,109
Liabilities other than provisions	16,371	14,109
Equity and liabilities	30,239	30,597



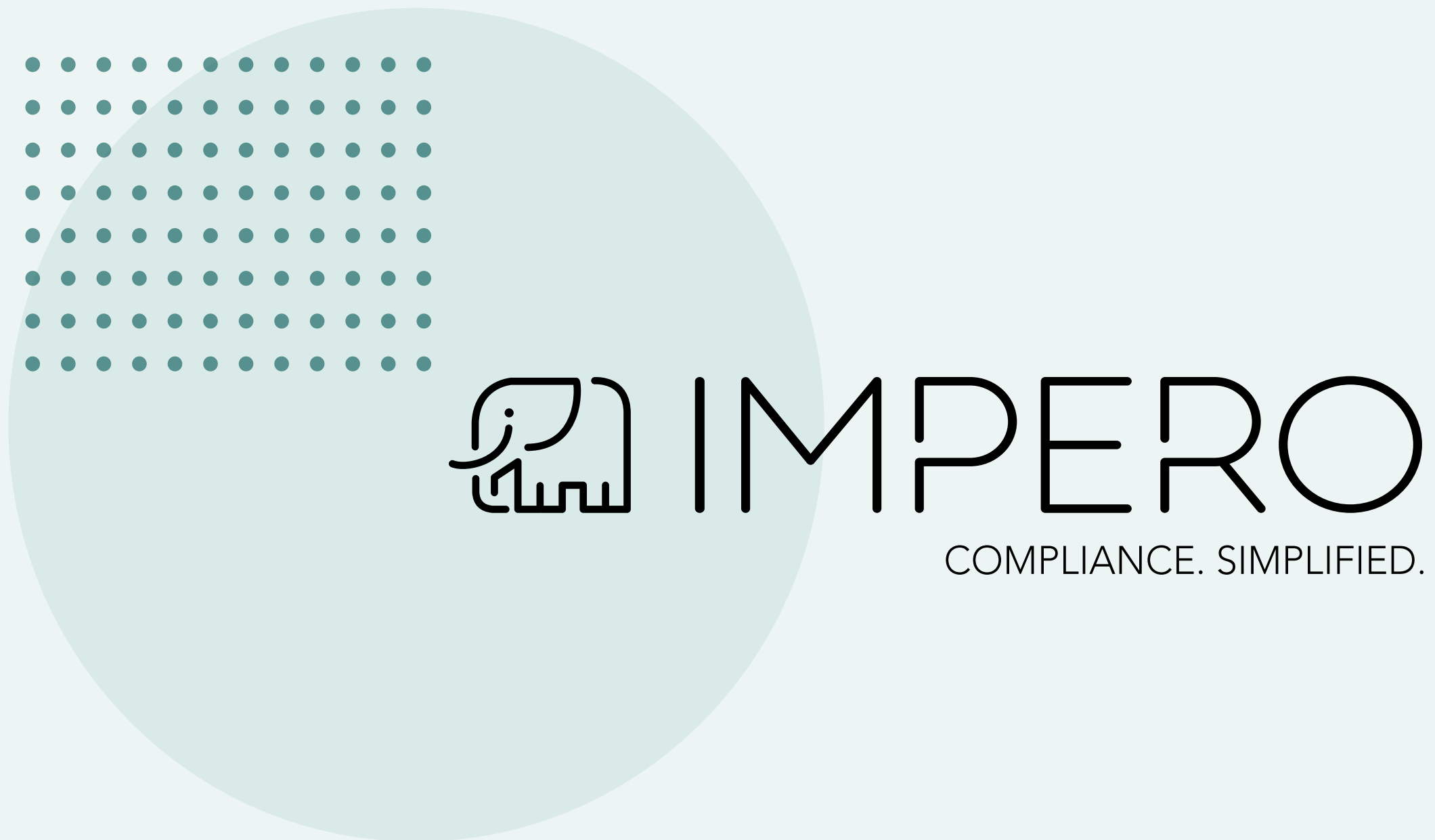
Cash flow

	2023-Q1-YTD	2022-Q1-YTD
	DKK T	DKK T
.....		
Operating profit/loss (EBIT)	(4,164)	(5,519)
Amortization	575	385
Working capital changes	3,535	676
Cash flow from ordinary operating activities	(53)	(4,458)
Financial income received	60	0
Financial expenses paid	(2)	(69)
Cash flow from operating activities	5	(4,527)
Additions of intangible assets	(589)	(846)
Additions of customer acquisition	(481)	0
Proceeds from other financial assets	(12)	(6)
Cash flow from investing activities	(1,082)	(852)
Increase of capital	1,434	1,656
Cash flow from financing activities	1,434	1,656
Increase/decrease in cash and cash equivalents	358	(3,723)
Cash and cash equivalents 1 January 2023	15,168	27,537
Cash and cash equivalents 31 March 2023	15,526	23,814

Statement of changes in equity 2023 Q1-YTD

	Contributed capital	Reserve for development expenditure	Retained earnings	Total
	DKK T	DKK T	DKK T	DKK T
.....				
Equity at 1 January 2023	2,008	5,421	9,060	16,489
Increase of capital	0	0	1,434	1,434
Transfer to reserves	0	36	(36)	0
Profit/loss for the period	0	0	(4,055)	(4,055)
Equity at 31 March 2023	2,008	5,457	6,403	13,868





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Certified Advisor:
Grant Thornton
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