

Impero A/S releases Annual Report 2022: Realizes 33% growth in Annual Recurring Revenue in 2022

Company Announcement No. 3-2023

Copenhagen, 14 March 2023

Annual Report for the period 1 January 2022 to 31 December 2022.

- This message contains inside information -

Impero reports an Annual Recurring Revenue (ARR) growth of 33% corresponding to DKK 24.4M.

Financial highlights for 2022

- ARR increased by 33% to DKK 24.4M at the end of 2022
- Reported revenue increased to DKK 19.9M, corresponding to a growth of 32% compared to 2021
- Churn for the 12-month period ending 31 December 2022 remained low at 4%, compared to 6% for the corresponding period ending 31 December 2021
- Uplift from existing customers decreased to 17%, from 20% in 2021
- Net Retention Rate¹ (NRR) landed at 112%, compared to 114% in 2021
- Average ARR per customer (ARPA) increased to DKK 168T, compared to DKK 160T in 2021
- EBITDA amounted to DKK -17.1M, compared to DKK -14.8M in 2021
- In Q4 2022 net ARR grew DKK 2.9M, same level as in Q4 2021

Development of the business

Throughout 2022 Impero has continued making progress, scaling the business and the platform to further support our vision. Anchored in creating a safer world founded on pillars of trustworthiness and transparency, we strive to make it easier for people, companies, and institutions to trust each other.

Good compliance practices not only make it easier to trust each other, they set an example for other companies to raise the bar of ethics, sustainability, and good corporate governance in an ever-changing environment. That does not only protect stakeholders across the board, it protects the values that underpin a well-functioning society.

At the same time, 2022 was a year where we experienced an unforeseen impact on our customers' priorities by several external factors, such as the Russian invasion of Ukraine, inflation and rising interest rates, shortage in energy supplies, etc. across the markets we serve.

The partnership with KPMG in Germany continues to be a focus in the German market, and throughout 2022 we have extended our collaboration to new areas. We have invested in preparing a mutual launch of content-based tax compliance solutions for the German mid-market. This investment is expected to deliver results in 2023.

More partners both in Denmark and abroad were nurtured to support Impero's growth across Northwestern Europe, and the efforts led to wins across markets and sectors, such as the conversion of seven customers from Deloitte

¹ NRR is calculated as the sum of ARR at the beginning of the year, churn, and uplift from existing customers during the year divided by ARR at the beginning of the year.

Denmark’s legacy platform, a leading bank in Austria, a complex player in the renewable energy sector in Denmark, and Impero’s first customer in Ireland. In total Impero welcomed 33 new customers in 2022.

The ESG agenda continues to expand, as regulations are enforced. In 2022 we saw the first German customers implement Impero to support their obligations related to the German Supply Chain Due Diligence Act (LkSG), which came into force on 1 January 2023. As is the case with EU Corporate Sustainability Reporting Directive (CSRD), LkSG’s main requirements include areas that the Impero platform is well-suited to support. We expect to see further growth based on the substantially increased reporting requirements on companies.

Rikke Stampe Skov: *“During these challenging times it remains highly relevant to support the growing need for trust and transparency. We are continuing to do our utmost to simplify compliance and are grateful for the continued support from our shareholders. We are already well into 2023, and we look forward to taking the next steps toward fulfilling our mission. I am looking forward to welcoming our newest additions to the team, our new Head of Sales Germany, and our new Chief Sales Officer, both joining in the second quarter of 2023.”*

New ARR methodology applied from January 2023

With the aim of improving transparency, going forward Impero will adjust the way the ARR metric is calculated by applying the Live ARR methodology, which is widely used and, at the same time, eliminates room for interpretation.

From 2023 Impero will not factor in future events, including new deals signed but not yet recognized as recurring revenue. Following the same logic, a churn is not realized until after the expiration of a canceled contract.

We are strictly adjusting how the ARR is derived and are not making changes related to how revenue is recognized or when customers are billed.

Depending on methodology, the ARR metric will vary. For the end of 2022 (illustrated below), the difference between the two methodologies is mainly related to the gap between the signing and subscription start dates.

	ARR End of December 2022	ARR End of January 2023
Current ARR methodology (until end 2022)	DKK 24.4M	DKK 24.8M
New ARR methodology (from beginning of 2023)	DKK 22.7M	DKK 24.4M

We refer to page 10 of the 2022 Annual Report for more details on the new methodology.

The new ARR methodology applies for the 2023 outlook.

Outlook 2023

Impero expects ARR in the range of DKK 29M to 33M by the end of 2023, with ARR at the end of 2022 being DKK 22.7M according to the new methodology. The 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 expectations for the above are 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, timing of revenue recognition for new customers is essential in relation to the outlook.

The company's pipeline proves that the demand for Impero's offerings is intact, and that the 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 longer sales cycles and increased uncertainty potentially leading to higher churn.

The outlook is dependent on no further aggravation of the geopolitical instability observed.

Strategic ambition regarding growth

Though not meeting the strategic growth ambition presented in the IPO document, we believe that the company will continue to deliver solid double-digit growth rates in 2023.

Read the Report in its entirety via [Impero.com/investors](https://www.impero.com/investors) or in the attached.

CEO Rikke Stampe Skov and CFO Morten Lehmann Nielsen will present the Annual Report at a webinar 16 March 2023, at 11:00 AM CET.

Register for the webinar via: <https://www.inderes.dk/videos/impero-presentation-af-arsrapporten-2022>.

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ABOUT IMPERO

Impero is a Danish Software-as-a-Service (SaaS) company that provides a compliance management platform. The Impero platform enables companies to easily manage compliance through automation of risk and control management, documentation, and reporting. Impero empowers companies to become more compliant in a scalable, digital, intuitive, and – most importantly – easy way.