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Highlights

- Impero is a Software-as-a-Service (SaaS) company that provides a compliance management platform. The SaaS platform enables companies to manage compliance through automation of risk management, control management, documentation, and reporting.
- Impero has onboarded some of the most well-known and largest Northwestern European corporations including Volkswagen Group, Novo Nordisk Fonden, Siemens, Hempel, and Arla. In total, Impero targets a total addressable market (TAM) of DKK 6.3bn, and the company's current key market targeting large corporations in Northwestern Europe amounts to DKK 800m. Using the current TAM for Northwestern Europe, Impero's 2023E ARR target implies a market share of ~5%.
- The global GRC market for software and services is expected to grow with 13.5% towards 2025¹ which is supported by increasing regulatory and legislative requirements within e.g. ESG and Sustainability reporting, companies' fear of reputational issues and fines, cost savings from digitalization in compliance management, and higher demand for top management to ensure the company's role as stakeholder in the society.
- As of December 2020, Impero has a total ARR of DKK 12.6m, and the company expects to grow the total ARR to DKK 40.5-44.0m in December 2023, i.e. a compounding annual growth rate of ~50%. The management's ambitious growth expectations are supported by:
 - ARR growth rate of 68% in 2020, and the company's net dollar retention rate of ~110% indicates high stickiness and upselling opportunities.
 - Impero intends to use 60% of the net proceeds of approx. DKK 36m on sales and marketing and increase the commercial organization by a factor of 3 based on employees by the end of 2020.
 - 94 customers in 10 countries and users in more than 100 countries which indicates a global scalable business model.
 - Go-to-market strategy that has the potential to create high growth with limited resources, i.e. using a partnership model with large accounting firms. Large customers such as Volkswagen Group and Siemens are used as lighthouse customers for validation and key reference for new customers.
- Impero has reported strong SaaS metrics in 2020. The long-term churn target is less than 5% implying a customer lifetime of approx. 20 years. Combined with a 12 months payback period of acquiring new customers including all sales costs in 2020, Impero can create shareholder value by investing heavily in sales- and marketing efforts if metrics are kept.
- Impero's pre-money valuation amounts to DKK 155m which corresponds to valuation multiples of 12.3x ARR (2020), 8.3x ARR (2021E), 5.5x ARR (2022E), and 3.7x ARR (2023E) based on midpoints in Impero's guidance.

1. MarketsandMarkets

Disclaimer

HC Andersen Capital receives payment from Impero for a Digital IR/Corporate Visibility subscription agreement.

Kasper Lihn has no ownership in Impero and has no intention of subscribing to new shares in connection with the offering.

This is not a piece of advice to buy, not to buy, sell or not to sell shares.

The material has been read by the company before publication.

HC Andersen Capital ApS assumes no responsibility for the correctness of the contents of the material.

IPO Information

- Impero has announced that the company expects to be listed on Nasdaq First North Growth Market Denmark with the first day of trading on 22 April 2021. The offer period begins on 26 March 2021 and ends on 13 April 2021.
- Impero expects to sell 4,123,711 new shares with an offer price of DKK 9.70 per share. This corresponds to a total offering of DKK 40m.
- Impero has pre-subscription of DKK 23.9m including institutional investors such as BankInvest (DKK 14.0m) and Fundamental Invest (DKK 6.5m). Pre-subscribers also include members from the Management Team and Board of Directors, including the company's CEO Rikke Stampe Skov who has pre-subscribed for DKK 400k. Total pre-subscription amount corresponds to 59.82% of the total offering.
- Impero's pre-money valuation is DKK 155m. All existing shareholders before the offering have agreed to enter into lock-up agreements of 12 months.

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Investment case

- Impero's investment case builds from the increasing focus on compliance and regulatory changes which companies must fulfill to avoid large penalties and reputational issues. This is supported by research from Ponemon Institute concluding that costs of being non-compliant are 2.7x higher than the costs to maintain and meet compliance requirements.
- The digitization wave is also driving the investment case since many financial managers have ambitions to digitize 80% or more of risk processes in the next five years according to McKinsey and Company.
- Impero has a proven go-to-market strategy partnering up with large accounting firms. Since 2014 Impero has onboarded 94 customers in 10 countries including global companies across different industries.
- As of December 2020, Impero has a total ARR of DKK 12.6M after growing its ARR by 68% in 2020. The company's gross churn was 4.4% and uplift was 14% for existing customers. Looking ahead, Impero expects to grow its total ARR with a CAGR of 50% towards end 2023.

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Impero - in brief

Impero's platform was developed in 2014 by Jacob Engedal Sørensen and Morten Balle. Before that, the founders worked in Big4 accounting companies and identified a need for an easy-to-use digital compliance management platform.

Today, Impero has developed an easy-to-use and intuitive cloud-based SaaS platform which is made for tax and finance functions in large companies. However, the software is scalable and can be used for all types of risks and controls.



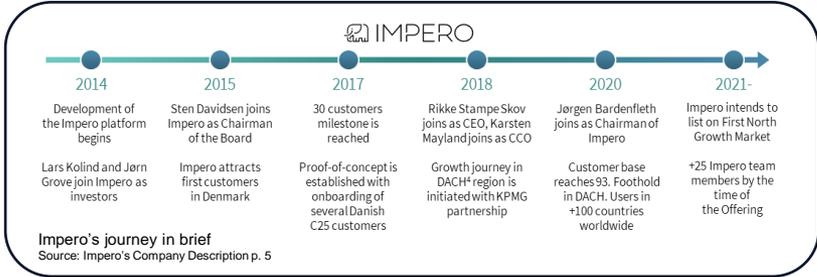
Impero's platform can be divided into four user functionalities; risk management, control management, documentation, and reporting.

- Risk management helps customers to map, assess and monitor all types of risks and organize actions and mitigating controls in a framework.
- Control management helps customers to set up and manage controls to address risks, i.e., assigning responsibilities, KPIs, due dates etc.
- Reporting helps customers to get information on the development and real-time status of compliance processes.
- Documentation helps customers to document compliance workflows, i.e. all documentation from the control and risk management modules is kept safe.

The founders partnered up with investors Lars Kolind and Jørn Grove in 2014. Before the offering, Lars Kolind and Jørn Grove own 34.82%, and 33.63%, respectively, of Impero.

The development of the platform was in collaboration with blue chip companies, and Impero attracted the first Danish customers in 2015. In 2017, Impero reached 30 customers and onboarded several Danish C25 companies. Impero's sales outside Denmark started in 2018 after partnering up with the Big4 accounting firm KPMG in DACH region (Germany, Austria, and Switzerland). By the end of 2020, Impero had 93 customers, including several global blue-chip customers and users in more than 100 countries.

As of March 2021, Impero has more than 25 employees who work toward Impero's vision to help building a society resting on transparency and trust.



The Management Team and Co-founders

Impero's CEO Rikke Stampe Skov joined Impero in June 2018. Before joining Impero, Rikke Stampe Skov was partner in PwC within Risk Assurance Services. This spring Rikke Stampe Skov has been elected as board member of Penneo A/S, another First North listed SaaS company with a market value of DKK ~1.6bn.

Karsten Mayland (CCO) executes Impero's global growth and expansion strategies. Before joining Impero, Karsten Mayland has been a director for both PwC and Deloitte for several years.

Recently, Impero hired Allan Lykke Christensen as the company's CTO. He has experience as CTO of Boyum IT Group and has worked as Head of Delivery & Optimization with the LEGO Group. Furthermore, Allan Lykke Christensen has led teams across global offices and has developed SaaS solutions.

Impero's co-founders Morten Balle and Jacob Engedal Sørensen continue to have important roles in the company. Jacob Engedal Sørensen works as Business Development Director and Morten Balle is Head of Product Quality.

Rikke Stampe Skov
CEO since 2018



Karsten Mayland
CCO since 2018



Allan Lykke Christensen
CTO since January 2021



Jacob Engedal Sørensen
Co-founder



Morten Balle
Co-founder



Impero's Management Team and Co-founders
Source: Impero

Customers and total addressable market (TAM)

Impero's customer base includes both small, mid-sized, and large companies and consists of both private and public customers. However, Impero primarily targets larger companies and has already onboarded some of the most well-known Northwestern European corporations across different industries.

In total, Impero's current customer base consists of 94 companies with headquarters in 10 countries and users in more than 100 countries. The customers include blue-chip companies such as Volkswagen Group, Siemens, Demant, Arla, TDC Group, Bestseller, Hempel, and Vorwerk. Overall, Impero serves 1/3 of all OMX C25 listed companies, 3 of the 5 largest companies listed in Germany, and 9 of Impero's customers are Fortune2000 companies. The size of these companies are important for upselling and cross-selling, and more importantly, such customers are used as key references when attracting new customers.

Impero estimates that the total addressable market (TAM) amounts to DKK 6.3bn based on three different customer segments in targeted markets. The top tier segment represents customers headquartered in the Northwestern Europe (compliant countries) with annual revenue of more than DKK 7.5bn. The mid-market segment consists of companies with annual revenue between DKK 1bn and 7.5bn with similar high compliance characteristics as the top tier segment. Finally, the new markets segment consists of companies with headquarters located outside Northwestern Europe with a high compliance demand and annual revenue of at least DKK 1bn.

TAM of DKK 6.3bn assumes that all companies with annual revenue of at least DKK 7.5bn pay DKK 400k yearly, while smaller companies with annual revenue between DKK 1bn and 7.5bn pay DKK 150k yearly.

A sample of Impero's customers
Source: Impero's Company Description p. 39

TOP TIER	DKK 0.8 billion [§]
MID-MARKET	DKK 1.1 billion [§]
NEW MARKETS	DKK 4.4 billion [§]
TAM (Total Addressable Market)	DKK 6.3 billion [§]

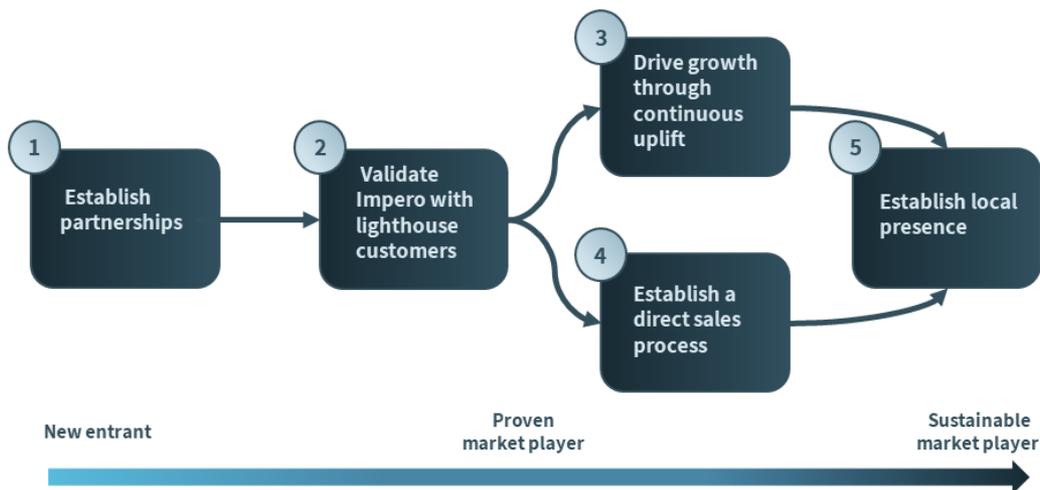
Impero's total addressable market (TAM)
Source: Impero's Company Description p. 24 and CapitalIQ. Ticket size for companies with DKK +7.5bn in revenue is estimated to DKK 400k, and DKK 150k for companies with revenue in the range DKK 1bn-7.5bn.

Go-to-market strategy

Impero's current footprint is in the Northwestern Europe countries, yet the company's SaaS platform is developed for the global market. Before entering markets outside Northwestern Europe, Impero plans to penetrate the Northwestern European market through the company's proven go-to-market strategy. Impero uses partnerships with local accounting firms which are validating and expanding the awareness of Impero to clients before Impero enters the market.

Impero's 5-step-go-to-market process for entering new markets

Impero's 5-step-go-to-market strategy for entering new markets starts with **1)** establishing a partnership with a local accounting firm which has an extensive and attractive customer base. At this point, Impero focuses primarily on large accounting firms with a broad customer base across industries. **2)** Impero puts effort to win well-known lighthouse customers and uses such customers as key reference customers, i.e. the first new customers in new markets validate and demonstrate Impero's value proposition and become essential catalysts for signing other new customers. **3)** After the implementation of the Impero platform, many of the new large customers expand the use of Impero across other departments leading to an ARR uplift. **4)** After being established in the new market, Impero grows the partner channel and starts direct sales. **5)** Impero's final step in the go-to-market strategy is to establish a local office to increase sales efforts further and improve customer success management. Today, Impero has two hubs outside Denmark located in United Kingdom and Germany.



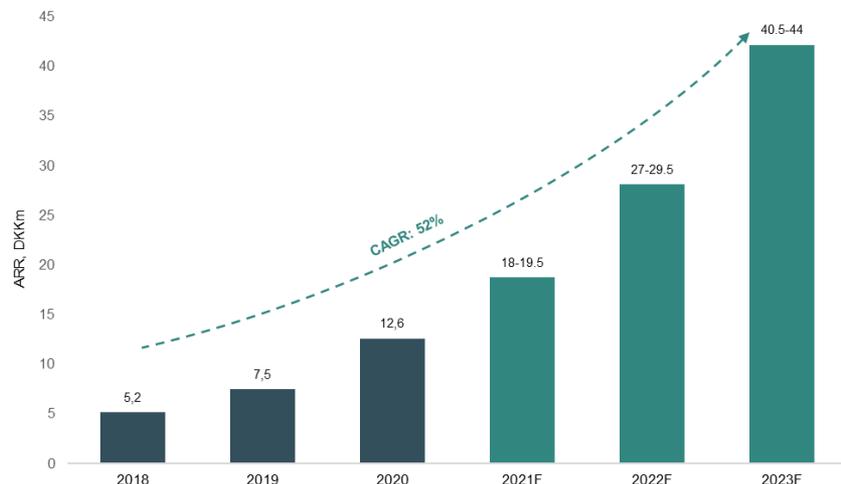
Impero's 5-step-go-to-market process for entering new markets
Source: Impero's Company Description p. 46

Key SaaS metrics

Investors should focus on key SaaS metrics such as annual recurring revenue (ARR), churn etc. and less on the company's profitability since Impero invests heavily in growth and new customers with long lifetime value. Thus, operating losses of DKK -8.0m and DKK -5.2m in 2019 and 2020, respectively, are in line with the company's expansion strategy, and Impero does not expect to be able to achieve a positive EBITDA before 2024.

Between 2018 and 2020, Impero has more than doubled its total ARR from DKK 5.2m in 2018 to DKK 12.6m in 2020, and Impero's number of customers have increased from 45 in 2018 to 94 in 2020.

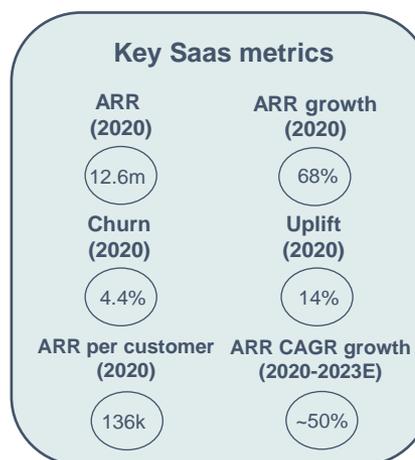
Looking ahead, Impero expects to increase ARR to the range DKK 13.5m–14.0m as of April 2021 and DKK 18–19.5m by the end of 2021. The company's long-term goal is to achieve a total ARR of between DKK 40.5-44.0m in 2023 implying a CAGR of ~50% from 2020 to 2023.



Impero's realized and expected growth in ARR (DKKm) from 2018 to 2023
Source: Impero's Company Description p. 56

Unfolding Impero's SaaS performance in 2020, Impero has performed well with a total ARR growth of 68%. Impero's uplift was 14% from existing customers and 9% from new customers supported by Impero's large customers with an increasing usage after implementation. Gross churn rate was 4.4%, and Impero targets a long-term churn rate below ~5%, i.e. customers are maintained in ~20 years. Impero also reported a high gross profit margin of 95% on the software in 2020.

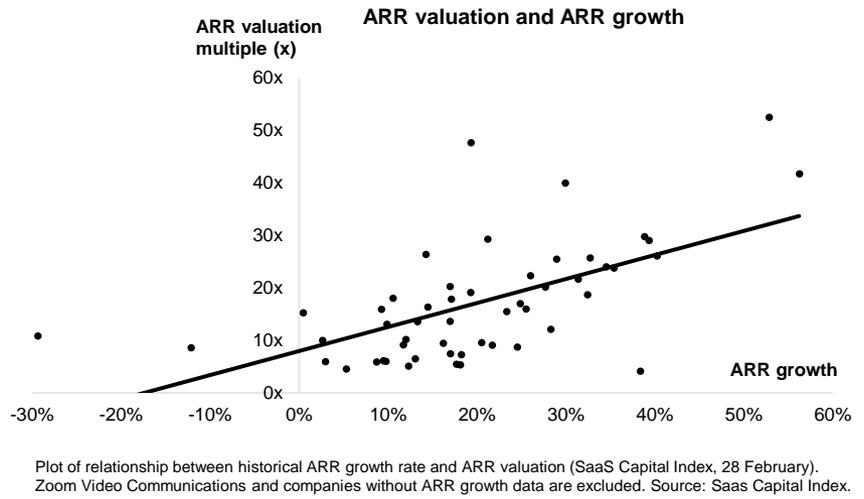
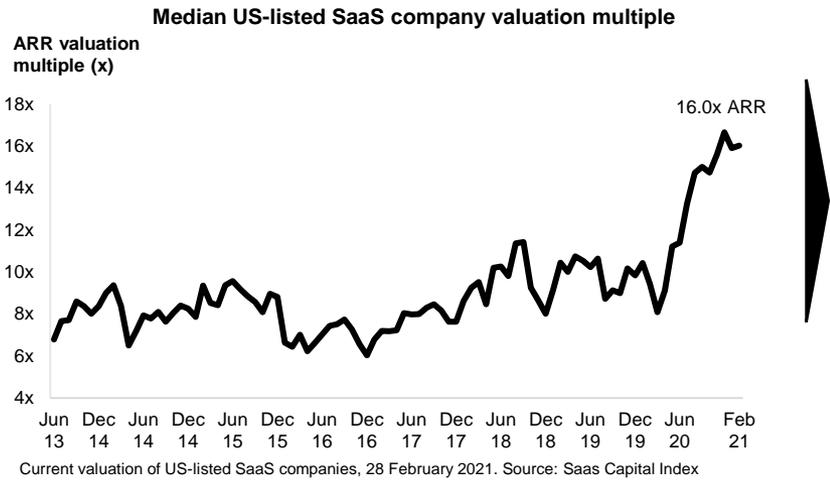
Impero's payback time of acquiring new customers is less than 12 months when including all sales costs based on the performance in 2020. The number is calculated as the average number of months of gross profit it takes to cover the average customer acquisition costs (CAC). This implies that Impero creates shareholder value when investing heavily in sales- and marketing based on the current SaaS metrics.



Impero's Key SaaS metrics
Source: Impero

Valuation perspectives

The *SaaS Capital Index* can be applied as a starting point for valuation perspectives of SaaS companies. The index consists of more than 60 US-listed SaaS companies. As of 28 February 2021 the median value of the index's ARR valuation multiple is 16.0x ARR as shown below in the chart to the left. In the chart to the right, the trend line shows a positive relationship between the historical (LTM) ARR growth rate and the current ARR valuation multiple. Other factors such as company size and maturity, customers, technological level, investments in R&D, market potential and growth rate also affect the valuation.



SaaS business model

- SaaS companies are traded to high valuations due to the investors' appetite for recurring revenue with high predictability and visibility. Low churn rate points to stickiness, and high margins increase the customer lifetime value.
- The subscription economy is booming, and market research shows that global spending within the SaaS industry grows by double digits in the coming years.
- The SaaS business model is scalable by nature since software updates, new features etc. can be developed for one customer and be available for all customers through the cloud. Moving away from on-premise solutions (installed locally) to cloud-based platforms increases accessibility for customers.

Impero overview

	December 2020A	December 2021E	December 2022E	December 2023E
Impero's ARR valuation multiple*	12.3x	8.3x	5.5x	3.7x

*Based on pre-money valuation of DKK 155m and midpoints in Impero's own guidance.

- Impero's ARR growth rate was 68% in 2020, and Impero expects to increase total ARR with an CAGR of 50% towards 2023. Impero's customer base is large corporations with high potential of upselling going forward. Long-term churn rate is targeted to ~5%, and upselling to existing customers and new customers was 14%, and 9% in 2020, respectively.

Competition and risk factors

Competition

Overall, the competitive landscape can be described as highly fragmented and is roughly divided into four categories according to Impero. 1) Large enterprise solutions are typically provided in a full suite of various software applications, i.e. these solutions are often more complex and less agile. 2) Big4 accounting firms provide in-house developed solutions. Yet, larger companies often require that software provided by auditors and consultancies are independent. Furthermore, some Big4 providers have experienced in-house software solutions as costly implying that the accounting firms partner up with external software providers such as Impero. 3) Local solutions are provided by companies such as Easy GRC, 6Clicks, House of Control, and AMANA. Still, these providers are often limited to parts of the GRC suite of functionalities according to Impero. 4) Generic tools are e.g. mail and Excel solutions which are analog and non-GRC tools. These solutions are often cost-effective for small organizations with only a few risks and controls, however, not adequate for larger companies.

Summing up, Impero's simple and agile platform differentiates from large enterprise solutions and in-house developed Big4 solutions, and the users of generic tools can relatively easily learn to use Impero's platform. According to Impero, there is room for both larger enterprise solutions and niche players because of a fragmented competitive landscape and a significantly unserved market segment. Nevertheless, there is a risk that large global software providers in the GRC industry such as SAP or Oracle with huge financial resources enter Impero's market and increase the competition.

Important risk factors

Regulatory and operational risk: International regulations on data protection, compliance, and information security affect Impero's business environment. However, Impero carry out risk assessment every year and has third-party IT security reviews from security companies. Impero's ability to operate its business and future plans are dependent on the CEO, Rikke Stampe Skov, and the CCO, Karsten Mayland. The CEO, CCO, and the two co-founders are all subject to competition clauses. In line with the growth strategy, Impero also expects to increase the number of employees from 19 as of December 2020 to 40-45 over the next 12 months after the offering. Thus, access to competent and qualified employees is vital for Impero.

Liquidity risk: Impero's growth strategy and internationalization require access to capital. The company expects that the proceeds from the offering provide sufficient liquidity to reach its strategic objectives. Specifically, Impero expects that the proceeds from the offering will last two years from the time of the offering. However, Impero does not expect to achieve positive EBITDA before 2024.

Sale of shares by Major and Existing Shareholders: Large sales of shares by Major Shareholders or members from the Board of Directors and Management Team may affect the company's ability to raise additional capital in the future. All Major Shareholders have lock-up agreements of 12 months. In total, Major Shareholders own 71.97% of the company after the offering.

Nasdaq First North Growth Market: Potential investors must be aware of the significant risks related to investing in IPOs and especially in companies being listed on Nasdaq First North Growth Market. Companies traded on Nasdaq First North Growth Market are subject to less regulations compared to the regulated main market.

Share price development and the offering: The market price of the Impero share may vary from the offer price depending on several factors including financial results varying from expectations, economic downturns, changes in expectations, changes in geopolitical conditions, and the risk of a declining global stock market. There is also a risk that the offering is withdrawn which can take place any time prior to the announcement of the result of the offering.

Information about the offering

Impero has received DKK 23.93m in pre-subscription which corresponds to 59.82% of the total offering. Pre-subscribers include institutional investors such as BankInvest and Fundamental Invest. Notable, BankInvest has pre-subscribed for DKK 14m through Small Cap Danske Aktier KL.

All members from the Management Team and the Board of Directors have also pre-subscribed including the company's CEO Rikke Stampe Skov who has pre-subscribed for DKK 400k. After the offering, Rikke Stampe Skov owns 766.827 shares (partially held through Blue Squared ApS) of the company corresponding to an ownership of 4.23% of Impero.

Summary information about the offering	
Market	Nasdaq First North Growth Market Denmark
Offer price	DKK 9.70 per offer share
Size of the offering	DKK 40 million
Existing shares	14,025,190
Offer shares	4,123,711
Total shares after the offering	18,148,901
Pre-money valuation	DKK 155m
Minimum subscription amount	DKK 3,880 (400 shares)
Pre-subscription amount	DKK 23.9m
Temporary ISIN	DK0061536745
Permanent ISIN	DK0061536828



Pre-subscribers		
Investors	# of shares	Subscription amount (DKK)
BankInvest ¹	1,443,298	14,000,000
Fundamental Invest ²	670,102	6,500,000
Kolind A/S	103,092	1,000,000
Jørgen Bardenfleth	77,319	750,000
JG Invest & Consult ApS	51,546	500,000
Rikke Birgitte Skov	41,237	400,000
Allan Lykke Christensen	20,618	200,000
Jacob Engedal Sørensen	10,309	100,000
Locasochka ApS	10,309	100,000
Line Køhler Ljungdahl	10,000	97,000
Morten Balle	5,154	50,000
Oliver Hoog	5,100	49,470
Jesper Møller Hansen	5,100	49,470
Thomas Norsted	5,100	49,470
Serhii Potapov	5,100	49,470
Pernille Mikkelsen	2,061	19,992
Trine Jin Duvander	1,550	15,035
Total	2,466,995	23,929,907

No. of Shares has been rounded down to nearest no. of Shares based on the subscription amount made by the investor

1) BankInvest holds shares through Small Cap Danske Aktier KL, Kapitalforeningen BankInvest Select

2) Fundamental Invest holds shares through Fundamental Invest Stock Pick, Fundamental Invest Stock Pick II akkumulerende, and Fundamental Fondsmæglerelskab A/S

Impero's pre-subscribers

Source: Impero's Company Description p. 84