

Market: First North DK

Ticker: IMPERO

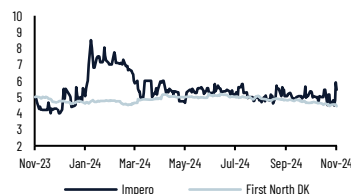
Share price (DKK): 5.45

Market cap (DKKm): 129.6

Net cash (DKKm): 15.0 (Q3 2024)

Enterprise value (DKKm): 114.6

Share information



YTD: 24.4% 1 year: -1.8%
 1 month: 1.9% Since IPO*: -43.8%

Note: *IPO date was 22 April 2021 (subscription price of DKK 9.70).
 We apply the closing price from 15 November 2024 (Capital IQ).

Financials

(DKKm)	2022	2023	2024E*
Total ARR	22.7	30.4	38.0-42.0
ARR growth	33%	34%	25-38%
Revenue	19.9	27.6	N/A
Revenue growth	32%	39%	N/A
EBITDA	-17.1	-10.6	-11.0 to -9.0
EBITDA margin	-86%	-86%	N/A
Cash	15.2	14.9	N/A
Interest-bearing debt	0.0	0.0	N/A

Note: *Impero's own guidance range for 2024.
 We apply Impero's new ARR methodology (from January 2023 and onwards).

Valuation multiples

	2022	2023	2024E*
P/ARR (x)	4.2	3.3	3.2
P/S (x)	4.8	3.6	N/A
EV/Sales (x)	4.1	3.1	N/A
EV/EBITDA (x)	-4.7	-8.0	-11.5
EV/EBIT (x)	-4.2	-6.5	N/A
P/E (x)	-5.2	-7.7	N/A
P/CF (x)	-5.4	-13.2	N/A

Note: Multiples for 2022 and 2023 are based on historical numbers.
 *2024E multiples are based on the midpoint in Impero's own guidance.

Company description

Founded in 2013, Impero is a Software-as-a-Service (SaaS) company providing a compliance management platform. The platform enables companies to easily manage compliance through the automation of risk and control management, documentation, and reporting. Impero empowers to future-proof compliance management in a scalable, digital, and intuitive way. Impero serves more than 175 customers across several countries with a solid footprint in Denmark and the DACH region.

Investment case

The GRC software market is supported by key drivers such as companies' fear of reputational issues and fines, cost savings from digitalization in compliance management, new regulations, ESG reporting requirements, and higher demand for top management to ensure the company's role as a stakeholder in society.

With the current capital foundation, Impero aims to at least double its customer base (reach more than 320 customers) and become cash flow positive on a recurring basis before the end of 2026. With a core focus on CFO-centric domains including tax, finance, and ESG, Impero will develop and expand its offering through partnerships, expand into new markets in Northwestern Europe, and invest in the development or acquisition of innovative features, integrations, and automation.

In Q3 2024, Impero grew ARR by 31% YoY and improved its EBITDA. Moreover, the cash flow from operations is positive for the first nine months of 2024.

Looking at valuation, Impero trades at an EV/ARR multiple of 2.9x (2024E) based on the midpoint in Impero's 2024 guidance range. This is above the selected Danish SaaS peer group, trading at 2.4x EV/ARR (2024E) based on midpoint guidance ranges. However, this is explained by Impero's growth rate, above the Danish SaaS sector median, and also Impero's strong development in the cash flow from operations.

Key investment reasons

Impero has been able to continuously deliver solid SaaS metrics despite the uncertain macroeconomic environment. This is supported by its land and expand strategy, shown by its net revenue retention rate of 109% in Q3 2024, including a low churn rate of 4% (12 months rolling).

The GRC software market is highly attractive with many key drivers and new areas such as ESG compliance. This is also demonstrated by HG Capital's USD +3bn acquisition of AuditBoard in May 2024, corresponding to approx. 15x EV/ARR.

Impero has a strong footprint in the DACH region, serving close to 20% of the companies in the German DAX40 index. By the end of Q3 2024, the DACH region constitutes 42% of Impero's total ARR. The presence in DACH could be further enhanced by its partnership with KPMG Germany and the templated solutions within different areas, targeting 15,000 German mid-market companies.

Key investment risks

The macroeconomic environment is still uncertain, which could extend the sales cycle in a recession scenario. However, the company's 2024 ARR growth guidance range of 25-38% is based on no further aggravation of the macroeconomic and geopolitical instability. In Q3 2024, Impero's ARR growth was 31% YoY.

On the capital side, Impero raised gross proceeds of DKK 10m for growth investments in late 2023. In accordance with the strategic direction 2026 of becoming cash flow positive on a recurring basis before the end of 2026, Impero is sufficiently funded with the current capital foundation (cash of DKK 15.0m by the end of Q3 2024 and no interest-bearing debt). Impero has also improved its burn multiple (12 months rolling FCF/Net New ARR) from -3.4x in Q4 2022 to -0.7x in Q3 2024. However, Impero also states that new strategic opportunities could arise, and if this can lead to excess growth, the company's Board of Directors will reassess the strategic direction, investment levels, and thus its capital needs.

Danish SaaS peer group

Company	Total return	EV/ARR (x)		ARR growth (%)		Growth adj. ARR multiple (x)		EV/Sales (x)		Revenue growth (%)		NRR (%)	EBITDA (DKKm)		Net debt (DKKm)	FCF / Net new ARR	
	YTD (%)	2023	2024E	2023	2024E	2023	2024E	2023	2024E	2023	2024E	2023	2023	2024E	Latest reported	2022	2023
Selected Danish SaaS (median)*	-9.6%	3.2	2.4	26%	17%	0.11	0.13	3.5	N/A	23%	N/A	107%	-8.0	-2.8	10.1	-3.5	-1.5
Impero	24.4%	2.8	2.9	34%	32%	0.08	0.09	3.1	N/A	39%	N/A	111%	-10.6	-10.0	-15.0	-3.4	-1.6

Note: The table shows multiples, key SaaS metrics, and financials for Impero and the median values from selected Danish SaaS companies (Agiilic, MapsPeople, Konsolidator, Penneo, and RISMA). Note that SaaS metrics definitions may differ across companies (there are no standards or regulations yet), i.e., this overview is only for perspective. Data is manually collected from company reports. We apply Impero's own 2024 guidance (midpoint) as well as other companies' 2024 guidance (midpoint). We apply end 2023 (31 December 2023) market capitalizations for 2023 multiples, and market capitalizations are from 15 November 2024 for 2024E multiples (+ latest reported net debt/cash). Source: HC Andersen Capital and company reports.

Appendix: Danish SaaS peer group

Selected Danish-listed SaaS companies

Company	Total return	EV/ARR (x)		ARR growth (%)		Growth adj. ARR multiple (x)		EV/Sales (x)		Revenue growth (%)		NRR (%)	EBITDA (DKKm)		Net debt (DKKm)		FCF / Net new ARR	
	YTD (%)	2023	2024E	2023	2024E	2023	2024E	2023	2024E	2023	2024E	2023	2023	2024E	Latest reported	2022	2023	
Agillic	-48.4%	3.2	1.8	-9%	0%	N/A	N/A	3.5	1.9	-3%	-1%	98%	1.9	1.0	15.4	-0.5	N/A	
Konsolidator	-9.6%	4.8	4.3	10%	14%	0.48	0.32	4.8	4.3	15%	15%	94%	-8.0	N/A	10.1	-5.3	-5.4	
MapsPeople	35.5%	1.8	2.3	63%	17%	0.03	0.14	2.3	2.3	39%	49%	111%	-59.7	-28.0	19.1	-4.0	-2.2	
Penneo	10.6%	2.6	2.5	26%	22%	0.10	0.11	2.6	N/A	23%	N/A	112%	-8.7	7.5	-6.6	-1.9	-0.8	
RISMA	-40.2%	5.5	2.4	49%	29%	0.11	0.08	5.9	N/A	38%	N/A	107%	-7.0	-6.6	-10.1	-3.5	-0.1	
Median	-9.6%	3.2	2.4	26%	17%	0.11	0.13	3.5	N/A	23%	N/A	107%	-8.0	-2.8	10.1	-3.5	-1.5	
Impero	24.4%	2.8	2.9	34%	32%	0.08	0.09	3.1	N/A	39%	N/A	111%	-10.6	-10.0	-15.0	-3.4	-1.6	

Note: The table shows valuation multiples, key SaaS metrics, and financials for Impero and from selected Danish SaaS companies. Note that SaaS metrics definitions may differ across companies (there are no standards or regulations yet), i.e. this overview is only for perspective. Data is manually collected from company reports. We apply Impero's 2024 ARR guidance (midpoint) and other companies' 2024 guidance (midpoint). For 2023 multiples, market capitalizations are from 31 December 2023, and net debt from the annual report 2023 is applied. For 2024E multiples, market capitalizations are from 15 November 2024, and the latest reported net debt is applied. Lease liabilities are included in the net debt calculations. Some companies may have raised capital after the reporting date (not included). From 2023, Impero changed its ARR methodology to create more transparency. N/A is applied for data points where there is no data, or we have assessed it makes no sense to use the number for comparison.

Source: HC Andersen Capital and company reports.

Disclaimer: From the tables above, HC Andersen Capital receives payment from Agillic, Impero, MapsPeople, and Penneo for a Digital IR/Corporate Visibility subscription agreement.