Impala Bidco Ltd

Unaudited Financial Statements

Period: Q1 2022

Overview

Impala Bondco Plc is a UK company created for the purpose of raising a public bond in order to drive further strategic acquisition and growth within the Group known as Impero Group, which is constructed of Impala Bidco Ltd and its subsidiaries.

Impero is a global cybersecurity provider of cloud-based, on-premise and hybrid, wellbeing and learner monitoring SaaS and filtering solutions into the education and corporate marketplaces. Designed to protect and save children in the school environment, as well as to improve the delivery of education and technology throughout a school, Impero's products can be purchased standalone or combined to meet the customer's needs. These solutions enable schools to keep students safe in an increasingly threatening world, improve the teaching environment and maximize efficiency for school network managers. The product suite, and its benefits, segue into the corporate market with ease, providing security features which exceed even the most stringent security and compliance standards. IT and HR managers can utilise the solution to great effect, whether monitoring and supporting employees with wellness or managing hardware.

Impero is headquartered in Nottingham (UK) with offices in Anaheim and Portland (USA), Canberra (Australia), Bucharest (Romania) and Copenhagen (Denmark). The Group is one of the leading players in UK secondary schools, serving more than 1,400 secondary schools across the country, and has a significant footprint in the US. Globally, Impero has approximately 6,500 customers in 110 different countries and the software is used by c.2,500 School Districts and 50 percent of the Fortune 100 companies[1].

Impero was founded in 2002 to provide network management software to IT technicians in schools and has since been dedicated to solving complex problems with simple solutions for educational establishments across the globe. From 2015, Impero evolved its product set to include classroom management and online safety monitoring software solutions.

In recent years, Impero has been consolidating its footprint in the US. In 2018, Impero acquired Safeguarding Monitor, a developer of applications to help schools, colleges and multi-academy trusts meet their safeguarding responsibilities. On February 4th 2021, Impero completed the acquisition of Netop, creating additional whitespace opportunities and providing a strong foothold in the corporate sector, primarily in financial services and retail. On December 31st 2021, Impero acquired ContentKeeper, again creating additional whitespace opportunities, strengthening the US footprint and securing a best-in-class web filtering solution.

[1] Including consideration of ContentKeeper Technologies Pty LLD, which was acquired at 31 Dec 2021.

FY21 Proforma Acquisition Impact

On December 31st 2021, Impero acquired ContentKeeper to add market leading web filtering to the existing product offering and expand presence in the US. On a proforma basis the combination brings together a group with revenue of £23.0m and EBITDA of £2.7m (12% margin). The revenue outcome was circa. £2.7m lower than originally forecasted, which then passed through to a shortfall on forecasted EBITDA, there were two key drivers in this shortfall: the extended timeframe to close the acquisition and slippage of material deals into H1 of FY22, one of which closed in January 2022 and the other two opportunities remain active and are expected to close in June 2022.

Q1 Performance

The Group's predominant focus is on the Education market, providing the first line of defence in the digital world. The Group completed the ContentKeeper acquisition on December 31st 2021. In addition to expanding Impero's product offering, reach and customer base in the United States, the acquisition will expedite Impero's strategy to build a fully integrated, device-agnostic, cloud-based product portfolio for education and corporate clients. This rationale has brought early validation in terms of market acceptance. In February a deal was closed with Volusia County School District, with a combined value of circa. £235k per annum, for the provision of both filtering and classroom management – becoming the first landmark deal for the combined product set. The pipeline of similar new business and cross-sell opportunities is incredibly exciting as we move towards the peak selling season of June through October.

Renewals of existing customer agreements also show positive momentum, closing Q1 13% up on the prior year. This is expected to continue as the Group focuses on both retention and expansion of existing agreements.

Revenue for the quarter came in at £5.8m, 77% up on PY, with trailing twelve-month revenue of £15.5m (TTM only includes ContentKeeper for Q1 FY22). This is a very strong start to the year, particularly in light of market seasonality which sees the majority of recurring revenue sales between the months of June and October.

Operating expenses are running marginally lower than expectations, this is driven by a combination of recruiting challenges – which is consistent across the industry – and increased focus on wage leverage and the utilisation of lower cost territories to provide additional capacity and time zone coverage.

The outcome of the quarter's operations is an EBITDA performance of £1.0m (17% margin), an increase of £0.8m on PY, with trailing twelve-month (TTM only includes ContentKeeper for Q1 FY22) management reporting EBITDA of £1.1m (7% margin).

TTM Proforma Performance (£m)

	Impero	Content Keeper	Group
TTM Adj. EBITDA	229	2,943	**3,172**
Advisor Fees (Funding & M&A)	- 3,041		- 3,041
System implementations	- 173		- 173
Synergies	- 1,614		- 1,614
Adj. Non-Recurring Items			- 4,828

Adjusted Non-Recurring Items predominantly relate to fundraising and M&A advisor fees associated with the ContentKeeper acquisition. The Group currently reports under UK GAAP but will transition to IFRS during FY22, at which point funding expenses will be capitalised and spread across the term of the loan.

As the Group continues to grow we have invested in our internal infrastructure. Where there are one-time implementation fees these have been treated as non-recurring items.

Impero

Through the acquisition of Netop, there were significant synergies identified and realised. These were largely headcount costs relating to duplicated roles and activities between Impero and Netop. Due to the nature of the ContentKeeper product, the current focus is to drive revenue synergies. The Group continually evaluates the cost base and has identified efficiencies which will begin to be realised in H2 of FY22, but largely in FY23.

On a TTM basis, the Net Interest Bearing Debt leverage ratio is 7.2x adj. EBITDA, this is expected to reduce significantly as we progress through the peak selling period.

Consolidated Profit & Loss (Unaudited)

	Q1 2022	Q1 2021	TTM* to 31st March
	£000	**£000**	**£000**
Turnover	5,807	3,280	15,456
Cost of Sales	(456)	(412)	(1,723)
Gross Profit	5,351	2,868	13,733
Adminstrative expenses	(4,345)	(2,694)	(12,642)
EBITDA	1,006	174	1,091
Exceptional costs	(2,882)	(1,252)	(4,828)
Depreciation and amortisation	(1,166)	(922)	(4,529)
Interest payable and similar expenses	(689)	(14)	(968)
Loss before taxation	(3,731)	(2,014)	(9,234)
Tax on loss	78	71	306
Loss for the financial period	**(3,653)**	**(1,943)**	**(8,928)**

Notes to the P&L

- Increase in administrative expenses is driven by three key components;
    - Increased salary costs due to the integration of the ContentKeeper business
    - Increased discretionary spend within Marketing due to the successful BETT event which had been cancelled due to Covid-19 in FY21
    - Increased travel costs as senior leadership visited the ContentKeeper locations post acquisition
- Exceptional costs relate entirely to advisors and professional fees associated to M&A and fundraising activities and synergy expenses post acquisition

* TTM only includes ContentKeeper for Q1 FY22

Consolidated Balance Sheet (Unaudited)

	Mar-22 £000
Fixed Assets	
Intangible Assets	51,919
Tangible Assets	1,717
	53,635
Current Assets	
Debtors	11,869
Cash at bank and in hand	7,709
	19,577
Creditors	(7,851)
Other Loans	(7,519)
Net Interest Bearing Debt	(30,414)
Deferred Income	(16,945)
Net Assets	**10,484**
Capital and reserves	
Called up share capital	14,453
Share premium account	63
Reserves	(4,032)
Total shareholders' funds	**10,484**

Notes to the Balance Sheet

- Cash at bank includes a secured amount of £1,088k to be distributed in August 2022 in relation to the acquisition of Netop
- Other loans relates to shareholder capital which is due to be converted in Q2

Consolidated Cash Flow Statement (Unaudited)

	Q1-22 £000
Operating results	(3,653)
Adjustments for:	
Amortisation and depreciation	1,166
Taxation	(78)
Changes in working capital	11,454
Finance costs	689
Cashflow from operating activities	9,579
Loans	37,928
Interest paid	(689)
Net cash used in financing activities	37,238
Purchase of tangible assets	(39,783)
Net cash used in investing activities	(39,783)
Net increase/decrease in cash	7,034
Cash and cash equivalents at the beginning of period	**674**
Cash and cash equivalents at the end of period	**7,709**

Notes to the Cash Flow Statement

- Due to the timing of the acquisition of ContentKeeper it was agreed that all purchase accounting and loan funding is accounted for in Q1 FY22

Accounting Policies and Notes to the Financial Statements

Impala Bidco Ltd is registered and incorporated in the United Kingdom. The registered office is Seventh Floor, East West, Tollhouse Hill, Nottingham, NG1 5FS. The Group consists of Impala Bidco Ltd (the "parent company") and all its subsidiaries, of which Impala Bondco Plc is one. The operations of the Group comprise of the development and provision of software to provide safe learning environments for learners globally.

The unaudited financial statements for the period have been prepared in compliance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

(1) The Group capitalises elements of Research & Development spending, the EBITDA figure quoted is fully expensed and therefore excludes the impact of such capitalisation.

(2) Exceptional costs predominantly relate to nonrecurring expenses in the form of professional fees and costs associated with the raising of the bond and M&A activity.

(3) As an acquisitive Group, the majority of Depreciation and Amortisation relates to the Amortisation of Goodwill.

(4) The build-up of cash via the Bond issuance and additional Equity reflected in these statements indicates the cash position prior to completion of the acquisition.

(5) Included within the Loan value is a $10m USD Shareholder Loan from Investcorp Technology Partners which will be converted to Share Capital.

Company Information

Name:	Impala Bidco Ltd
Address:	Seventh Floor, East West Tollhouse Hill Nottingham NG1 5FS United Kingdom
Company Registration:	10878303
Financial Year:	January 1 – December 31
Website:	www.imperosoftware.com
Board of Directors:	Philip Walters, Chairman Julian Bennet Joe Ross Justin Reilly Gilbert Kamieniecky Richard Fuller Richard Cremona Kerstin Sundberg
Auditors:	Mazars 6 Dominus Way Meridian Business Park Leicester LE19 1RP United Kingdom