

Impala Bidco Ltd

Unaudited Financial Statements

Period: H1 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.

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 strengthening 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. In January 2022, Impero acquired ContentKeeper, again creating additional whitespace opportunities, strengthening the US footprint and securing a best-in-class web filtering solution.

H1 Highlights:

1. The full release of Impero Classroom (the Impero full-cloud enabled classroom management software) occurred in April, with over 2,000 schools and 1 million learners already signed up
2. The preparation for the market entry of Impero's Filter product (from the ContentKeeper acquisition) into the EMEA sales region began in Q2
3. Impero Classroom was awarded the Award for Best of Show at ISTE 2022 (largest edtech exhibition in the US)
4. PF Q2 total bookings have shown growth of 19% ACV and 22% TCV across the Group, driven by strong growth in the Education segment (up 23% versus Prior Year)
5. Geographically, performance in the Americas continues to be strong across the Group, and the momentum in EMEA Education sales is building
6. Despite headwinds stemming from inflation and potential recession, the Group is proving to be resilient with no noticeable downturn in performance
7. The second installment of Bond interest payment was paid in April
8. On a TTM basis, the Net Interest Bearing Debt leverage ratio is 6.99x adj. EBITDA
9. Strengthening of management team due to additional highly experienced members within finance function

H1 Financial Commentary

Renewals of existing customer agreements continue to show positive momentum at an increase of 15% from PY. Revenue for H1 2022 came in at £12.2m (up 49% YoY), with trailing twelve-month revenue of £18.8m (TTM only includes ContentKeeper for H1 FY22). Strong growth in bookings in June will start to be realised in the P&L in Q3

The outcome of the half year's operations is an EBITDA performance of £1.4m, with trailing twelve-month (TTM only includes

ContentKeeper for H1 FY22) EBITDA of £1.1m.

Operating expenses are running marginally lower than expectations, driven by increased focus on wage leverage and the utilisation of lower cost territories to provide additional capacity and time zone coverage.

TTM Proforma Performance¹ (£m)

TTM EBITDA performance improved from £3,172 in Q1 to £3,533 in Q2 line, on the back of an increase in bookings and improving cost base.

Other Comments

The Group currently reports under UK GAAP but will transition to IFRS during H2, 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.

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.

Nasdaq Listing Update

In order to file a Prospectus with Nasdaq Sweden ahead of our prospective listing, as required under the Terms and Conditions of the Bond, we are required to prepare the audited accounts for a number

leadership highlighted above, there will be a deeper review of financials ahead of Q3 reporting.

¹ Due to continuing integration of both Netop and ContentKeeper, and the recent change in Finance

of entities within the group (guarantors of the Bond). We consider some of these entities to be immaterial to the Group's accounts, and historically some of these entities have not had to file audited accounts by virtue of being part of the Impala Bidco group structure - it would require significant cost and labour to achieve this, and as a consequence Impala Bondco has sought an exemption from the Swedish Financial Supervisory Authority to not include separate audited financial statements for these relevant entities. In the instance that this exemption is not

granted, we intend to seek a temporary waiver from bondholders to remove the need for such audited accounts to be prepared for these immaterial entities. The intention is to have the relevant entities renominated as guarantors again as soon as practically possible following the actual listing of the bonds. The intense work with the matter is the reason for the delayed publishing of this interim report.

Consolidated Profit and Loss (Unaudited)

	H1 2022	H1 2021	TTM* to 30 Jun 2022
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Turnover	12,243	6,231	18,840
Cost of Sales	(1,784)	(764)	(2,699)
Gross Profit	10,459	5,467	16,141
Administrative Expenses	(9,050)	(5,855)	(15,040)
EBITDA	1,408	(388)	1,101
Exceptional Costs	(3,172)	(1,483)	(3,662)
Depreciation and Amortisation	(770)	(772)	(1,563)
Interest Payable and Similar Expenses	(1,566)	(222)	(1,902)
Loss before Taxation	(4,099)	(2,866)	(6,026)
Tax on Loss	(92)	(20)	(102)
Loss for the Financial Period	(4,191)	(2,886)	(6,129)

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 and integration expenses post acquisition

* TTM only includes ContentKeeper for H1 FY22

<u>Consolidated Balance Sheet (Unaudited)</u>	H1 2022
	£'000
Fixed Assets	
Intangible Assets	48,020
Tangible Assets	1,861
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	49,881
Current Assets	
Debtors	16,647
Cash at bank and in hand	5,703
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	22,350
Creditors	(6,670)
Other Loans	(1,790)
Net Interest Bearing Debt	(31,656)
Deferred Income	(23,024)
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Net Assets	9,091
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Capital and Reserves	
Called Up Share Capital	14,453
Share Premium Account	63
Reserves	(5,425)
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Total Shareholders' Funds	9,091
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Notes to the Balance Sheet

- Cash at bank reflects a secured amount of £1,088k distributed in August 2022 in relation to the acquisition of Netop
- First two interest payments made in January and April are reflected in the cash balance for H1
- Increase in Debtors is reflective of an increase in bookings in Q2

<u>Consolidated CashFlow Statement (Unaudited)</u>	H1 2022
	<u>£'000</u>
Operating Results	(4,191)
Adjustments for:	
Amortisation and Depreciation	770
Taxation	92
Changes in Working Capital	7,037
Finance Costs	1,402
Cashflow from Operating Activities	5,109
Loans	31,656
Interest Paid	(1,402)
Net Cash used in Financing Activities	30,254
Purchase of Tangible Assets/ Intangibles	(30,335)
Share capital issuance	(0)
Net Cash used in Investing Activities	(30,335)
Net Increase/Decrease in Cash	5,028
Cash and Cash Equivalents at beginning of period	674
Cash and Cash Equivalents at the end of the period	5,703

Notes to the Cash Flow Statement

First two interest payments made in January and April are reflected in the cash balance for H1.

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.

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 Cremona
Kerstin Sundberg

Auditors: Mazars
6 Dominus Way
Meridian Business Park
Leicester
LE19 1RP
United Kingdom