

Impero A/S
Vesterbro Torv 1-3, 8000 Aarhus C

Company reg. no. 32 32 66 76

Annual report

2018

The annual report was submitted and approved by the general meeting on the 15 April 2019.

Jacob Engedal Sørensen
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the executive board have today presented the annual report of Impero A/S for the financial year 1 January to 31 December 2018.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Aarhus, 18 March 2019

Executive board

Rikke Stampe Skov

Jacob Engedal Sørensen

Morten Balle

Karsten Mayland

Board of directors

Sten Tore Sanberg Davidsen

Jacob Engedal Sørensen

Jørn Grove

Independent auditor's report

To the shareholders of Impero A/S

Opinion

We have audited the annual accounts of Impero A/S for the financial year 1 January to 31 December 2018, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Independent auditor's report

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

DK-8450 Hammel, 18 March 2019

Kvist & Jensen

Kvist & Jensen State Authorized Public Accountants
Company reg. no. 36 71 77 85

Johannes Simonsen

State Authorised Public Accountant
mne11802

Company data

The company

Impero A/S
Vesterbro Torv 1-3
8000 Aarhus C

Company reg. no. 32 32 66 76
Established: 2 December 2013
Domicile: Aarhus
Financial year: 1 January - 31 December
5th financial year

Board of directors

Sten Tore Sanberg Davidsen
Jacob Engedal Sørensen
Jørn Grove

Executive board

Rikke Stampe Skov
Jacob Engedal Sørensen
Morten Balle
Karsten Mayland

Auditors

Kvist & Jensen Statsautoriseret Revisionspartnerselskab

Bankers

Sydbank

Management's review

The principal activities of the company

The main activity has been in the development and sale of web-based services and related business.

Development in activities and financial matters

2018 was a challenging year for Impero. Revenue did not grow as expected.

Overall, management is not satisfied with the financial results. However, Impero ended 2018 with a strengthened leadership team and a lean organization as well as a revised three-digit growth strategy and is entering 2019 with a better foundation.

Impero's vision is to create a safer world, making it easy for people, companies and institutions to trust each other and links directly to UN's Sustainable Development Goal number 16. In short, we are here to create transparency.

Our mission is to empower and inspire with the world's most trusted Compliance Management Solution that changes culture and behavior through ease of use.

Our target clients are large, multinational corporates with a high level of complexity. Our main focus for 2019 is to dominate the Tax Domain, and we are increasingly benefiting from wider international trends within tax administration, especially concerning the development of risk assessments and internal control in the corporations and a greater focus on monitoring of these elements by the tax authorities.

Market Development

Our main activities in 2018 were development and sales of a software as a service (SAAS) offering within the risk and compliance domain and related services. The main market was Denmark with new clients in Germany, Switzerland and the United States.

During the past year Impero grew net revenue by >77% compared to 2017. By end 2018 Impero was used by more than 55 companies. Controls were performed in more than 80 countries across all regions. The number of sessions is up >160% since 2017.

We have managed to grow existing customers and to keep churn at a minimum (below 1,5% of yearly revenue) and continuously have an exceptional rating of our customer support team.

With our revised strategy and strengthened organization we commenced entering strategic alliances with Big4 consultancies across territories, mainly but not exclusively focusing on the Tax domain.

In 2018 alliance agreements were signed in Denmark and Germany, with increasing commercial activities in both markets. A strong pipeline for more territories was established.

Development activities

During 2018 the Impero platform was developed continuously, and we are thereby ensuring future value creation for our clients. The development activities fell into three main categories: Security, Reporting and Functionality and were very well received in the marketplace.

Management's review

A new roadmap was established and hiring of additional developers to deliver on the roadmap was initiated to support the strong need for solutions enabling large global organizations to be on top of their compliance activities.

Our strong focus on security led to excellent scores from external parties with regards to its security.

Financial

The gross profit for the year is DKK 1,1m against DKK 0,4m last year. The results from ordinary activities after tax are DKK -8,6m against DKK -3,9m last year.

The primary drivers behind the growth in deficit are organizational changes following an inadequate go to market strategy.

The budget for 2019 is still generating a deficit, but the management expects a significant performance improvement based on exploitation of the large international scaling potential. Furthermore, management expect to generate a positive cash flow in 2019.

Events after the reporting date

In January 2019 Impero completed a capital increase of DKK 6.0m partly through conversion of debt (DKK 2.0m) partly through cash deposit of DKK 4.0m.

Furthermore, the first results of the commercial activities with our strategic alliance partner in Germany bore fruit early 2019, and progress with additional partners is made as planned.

No other events have occurred after the balance sheet data that would influence the evaluation of the Annual Report.

Profit and loss account 1 January - 31 December

All amounts in DKK.

| <u>Note</u> | <u>2018</u> | <u>2017</u> |
|--|-------------------|-------------------|
| Gross profit | 1.064.494 | 400.061 |
| 1 Staff costs | -8.604.446 | -4.328.807 |
| Amortisation relating to intangible fixed assets | -1.160.925 | -968.925 |
| Operating profit | -8.700.877 | -4.897.671 |
| Other financial income | 84 | 0 |
| Other financial costs | -91.986 | -19.394 |
| Results before tax | -8.792.779 | -4.917.065 |
| Tax on ordinary results | 211.200 | 1.062.273 |
| Results for the year | -8.581.579 | -3.854.792 |
| Proposed distribution of the results: | | |
| Allocated from results brought forward | -8.581.579 | -3.854.792 |
| Distribution in total | -8.581.579 | -3.854.792 |

Balance sheet 31 December

All amounts in DKK.

| Assets | | |
|--|-------------------------|-------------------------|
| <u>Note</u> | <u>2018</u> | <u>2017</u> |
| Fixed assets | | |
| Completed development projects, including patents and similar rights arising from development projects | 4.231.002 | 4.431.927 |
| Intangible fixed assets in total | <u>4.231.002</u> | <u>4.431.927</u> |
| Deposits | 69.400 | 39.450 |
| Financial fixed assets in total | <u>69.400</u> | <u>39.450</u> |
| Fixed assets in total | <u>4.300.402</u> | <u>4.471.377</u> |
| Current assets | | |
| Trade debtors | 1.195.625 | 636.250 |
| Deferred tax assets | 434.964 | 434.964 |
| Receivable corporate tax | 211.200 | 285.593 |
| Other debtors | 0 | 520.000 |
| Accrued income and deferred expenses | 0 | 10.416 |
| Debtors in total | <u>1.841.789</u> | <u>1.887.223</u> |
| Available funds | <u>8.383</u> | <u>606.848</u> |
| Current assets in total | <u>1.850.172</u> | <u>2.494.071</u> |
| Assets in total | <u>6.150.574</u> | <u>6.965.448</u> |

Balance sheet 31 December

All amounts in DKK.

| Equity and liabilities | | | |
|-------------------------------|--|------------------|------------------|
| <u>Note</u> | | <u>2018</u> | <u>2017</u> |
| Equity | | | |
| 2 | Contributed capital | 922.727 | 750.000 |
| | Reserve for development expenditure | 3.300.180 | 3.456.903 |
| 3 | Results brought forward | -4.773.715 | -1.676.131 |
| | Equity in total | -550.808 | 2.530.772 |
| Liabilities | | | |
| | Bank debts | 577.635 | 0 |
| | Prepayments received from customers | 2.826.724 | 2.624.749 |
| | Trade creditors | 176.123 | 80.000 |
| | Debt to associated enterprises | 2.095.292 | 813.298 |
| | Other debts | 1.025.608 | 916.629 |
| | Short-term liabilities in total | 6.701.382 | 4.434.676 |
| | Liabilities in total | 6.701.382 | 4.434.676 |
| | Equity and liabilities in total | 6.150.574 | 6.965.448 |

4 Contingencies

Notes

All amounts in DKK.

| | <u>2018</u> | <u>2017</u> |
|--|--------------------------|--------------------------|
| 1. Staff costs | | |
| Salaries and wages | 8.076.545 | 4.026.781 |
| Pension costs | 5.000 | 20.000 |
| Other staff costs | <u>522.901</u> | <u>282.026</u> |
| | <u>8.604.446</u> | <u>4.328.807</u> |
| | | |
| Average number of employees | <u>11</u> | <u>6</u> |
| | <u>31/12 2018</u> | <u>31/12 2017</u> |
| 2. Contributed capital | | |
| Contributed capital 1 January 2018 | 750.000 | 750.000 |
| Cash capital increase | <u>172.727</u> | <u>0</u> |
| | <u>922.727</u> | <u>750.000</u> |
| | | |
| After the end of the financial year, the contributed capital has been expanded with nominal DKK 181.818, with a premium of DKK 5.818.182 | | |
| | <u>31/12 2018</u> | <u>31/12 2017</u> |
| 3. Results brought forward | | |
| Results brought forward 1 January 2018 | -1.676.132 | 2.435.456 |
| Profit or loss for the year brought forward | -8.581.579 | -3.854.792 |
| Transferred to reserve for development costs | 156.723 | -256.795 |
| Premium on capital increase | <u>5.327.273</u> | <u>0</u> |
| | <u>-4.773.715</u> | <u>-1.676.131</u> |
| | | |
| 4. Contingencies | | |
| Contingent liabilities | | |
| The company has entered into operational leasing contracts with an average annual leasing payment of DKK 216.000. The leasing contracts have 11 months left to run, and the total outstanding leasing payment is DKK 198.000 | | |

Notes

All amounts in DKK.

4. Contingencies (continued)

Contingent liabilities (continued)

The company has entered into a rent contract with a 3 month notice period and a total termination obligation of about DKK 100.000.

Accounting policies used

The annual report for Impero A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

Accounting policies used

The balance sheet

Intangible fixed assets

Development projects, patents, and licences

Development costs comprise e.g. salaries, wages, and amortisation which directly and indirectly refer to the development activities.

Clearly defined and identifiable development projects are recognised as intangible fixed assets provided that the technical feasibility, sufficient resources, and a potential market or a development opportunity can be demonstrated, and provided that it is the intention to produce, market or utilise the project. It is, however, a condition that the cost can be calculated reliably and that a sufficiently high degree of certainty indicates that future earnings will cover the costs for production, sales, and administration. Other development costs are recognised in the profit and loss account concurrently with their realisation.

Development costs recognised in the balance sheet are measured at cost with deduction of accrued depreciation and writedown.

After completion of the development work, capitalised development costs are amortised on a straight line basis over the estimated financial useful life. Usually, the amortisation period is 5-10 years.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Reserves for development costs

Reserves for development costs comprise recognised development costs with deduction of related deferred tax liabilities. The reserves can not be used as dividend or for payment of losses. The reserves are reduced or dissolved if the recognised development costs are amortised or abandoned. This takes place by direct transfer to the distributable reserves of the equity.

Accounting policies used

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.