

Albert acquires three companies which contributes approximately MSEK 77 in ARR and accelerates the company's growth and path to increased profitability

eEducation Albert AB (publ) ("Albert") has entered into agreements to acquire all shares in the Swedish companies ARPU Management AB ("Film och Skola"), Strawbees AB and the French company Kids MBA SAS (together the "Companies"). On a pro forma basis as of 30 September 2022 (Q3), Albert now achieves approximately MSEK 230 in ARR and approximately MSEK 200 in net sales. The Companies offer software and hardware solutions within EdTech for children, young people and students. The acquisitions accelerate Albert's growth and bring the company closer to profitability. Furthermore, the acquisitions strengthen both Albert's B2C[1] and B2B[2] offerings and increase Albert's geographical footprint in existing markets. Albert sees opportunities to realize significant strategic and financial synergies e.g. through additional sales of each product across the different customer segments between the companies and rationalization of sales, marketing and administration functions for the combined group as a whole. The total initial purchase price amounts to MSEK 160, of which the total initial cash purchase price amounts to MSEK 75, while the remaining MSEK 85 is paid with newly issued shares. The total initial cash part of the purchase price is intended to be financed through a new issue of shares of approximately MSEK 70 directed to Swedish and international institutional investors (the "Directed Issue") and own cash. The Directed Issue will be conditional on the Extraordinary General Meeting in early January 2023 approving the issue. The Directed Issue is intended to be carried out as an accelerated bookbuilding procedure that is expected to begin today. More detailed information about the Companies is available in Albert's separately published press releases regarding the acquisitions.

"Through these transactions, we are accelerating the pace towards a business model where we further complement the growing B2C business with the benefits that sales through B2B implies. Among other things, relevance to course objectives and curriculum, longer customer agreements and a frequent presence of Albert Group products in the classroom. Our assessment is that there are great efficiency opportunities when it comes to sales of digital educational products within B2B and B2C, regardless of the business area. Through central sales of a broader product range, these efficiencies are expected to be realized in the near future, both on the cost and revenue side. With the acquisitions and the share of sales coming from B2B increasing to 41 percent of ARR, the group as a whole also gets greater flexibility in where, how and to what extent growth is driven. The acquisitions contribute to us now growing to approximately MSEK 230 in ARR, strengthening our position in the school market, gaining access to more geographic markets while transforming the financial risk profile in the company with longer customer agreements and accelerates the journey towards profitability. Through these transactions and the efficiency opportunities that exist, it will thus also be natural to have an even greater focus on profitability and the path to becoming cash flow positive for the Group as a whole", says Arta Mandegari and Salman Eskandari, CEO and deputy CEO respectively and co-founders, Albert.

Transaction details

Transaction
overview,
MSEK

Albert

Unaudited figures

		ARPU Management AB	Strawbees AB	Kids MBA SAS[3]	Total/Pro forma
Initial purchase price [4]	e.t.	75	60	25	160
Additional purchase price[5]	e.t.	-	90	15	105

- The total initial purchase price for the Companies amounts to MSEK 160 and in addition an additional purchase price of a maximum of MSEK 105 may be paid for the acquisitions of the Companies, for a more detailed description of the purchase prices and the additional purchase prices as well as other terms and conditions, please refer to Albert's already published press releases for each acquisition.
- The Companies' operations will continue to be run independently under the companies' respective individual company names, however, certain operational functions will be centralized and rationalized and the work of realizing synergies and increasing scalability will begin immediately.
- Transaction costs for the issue of shares and acquisitions, as well as other acquisition-related costs, are estimated to amount to MSEK 7.5 and will be reported during the financial years 2022 and 2023. The costs will be reported and presented as items affecting comparability.
- Settlement of the shares in the Companies is expected to take place in January 2023, as the Companies are consolidated in Albert's consolidated financial statements.

Financial effects and acquisition motives

Financial overview, MSEK[6]	Albert	Unaudited figures			
		ARPU Management AB	Strawbees AB	Kids MBA SAS[7]	Total/Pro forma
ARR[8]	152	48	19	10	229
Net sales	120	47	15	6	189
Operating profit (EBITA)	-75	8	-5	-11	-83
Operating margin (EBITA)	-62%	17%	-37%	-166%	-44%

The acquisitions of the Companies will have a material impact on Albert. On a pro forma basis, the acquisitions contribute MSEK 77 to ARR and net sales of MSEK 68 during the twelve-month period ended 30 September 2022, as well as to an increased operating margin on a pro forma basis during the same period. Furthermore, Albert sees an opportunity to realize significant financial and strategic synergies, which include:

- to accelerate growth and bring the company closer to profitability,
- to diversify the business and thus reduce the risk profile by increasing the share of ARR against B2B from reported 18 percent as of 30 September 2022 to 41 percent (49 percent of net sales) on a pro-forma basis for the same date,
- to strengthen both Albert's B2C and B2B offerings,
- to drive cross-selling by e.g. a wider range of subjects, ages and types of learning materials,
- to increase Albert's geographical footprint in existing markets, and
- to rationalize sales, marketing and administration functions.

Total cost synergies are estimated to amount to approximately MSEK 7 annually from the financial year 2024, in addition, significant revenue synergies are expected to be realized in the coming years. An integration plan has been designed and the integration begins as soon as the transactions have been completed. Integration costs are estimated to amount to approximately MSEK 3 and are expected to be reported in 2023.

For more information about the Companies, see www.strawbees.com, www.swedishfilm.com, www.holyowly.com

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This is information that eEducation Albert AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, on 19 December 2022 at 17:59 CET.

About Albert

Founded in 2015, Albert is an app-based learning platform for children in the 1-16 age range. Albert offers digital education services on a subscription basis.

The services are provided for a fixed monthly fee through apps, which are made available on the Apple App Store and Google Play. Based on Albert's own research, Albert is a leading player in the B2C segment in the Nordic region regarding digital education services with in-depth teaching content. Since Albert was founded, Albert has helped over 300,000 families with their children's education. The Group has about 70 employees, who together form an innovative group of people with diversified backgrounds whose common goal is to help more children develop their skills in a way that suits them. The Group is headquartered in Gothenburg, Sweden. Read more here: www.hejalbert.se.

Albert's share is listed on Nasdaq First North Growth Market. The company's certified adviser is Erik Penser Bank.

Important information

This announcement is not and does not form a part of any offer for selling, or a request to submit an offer to buy or acquire, shares or other securities of Albert.

Copies of this announcement are not being made and may not be distributed or sent into the United States, Australia, Hong Kong, Japan, Canada, New Zealand, or any other jurisdiction in which such distribution would be unlawful or would require registration or other measures.

The securities referred to in this announcement have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and accordingly may not be exercised, offered, sold, resold, delivered or otherwise transferred, directly or indirectly, in or into the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the requirements of the Securities Act and in compliance with any applicable securities legislation in any state or other jurisdiction of the United States. Albert do not intend to register any offering in the United States or to conduct a public offering of securities in the United States.

This announcement is not a prospectus for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and has not been approved by any regulatory authority in any jurisdiction. Albert has not authorized any offer to the public of shares or other securities in any member state of the EEA and no prospectus has been or will be prepared in connection with the transactions and actions described in this press release.

Forward-looking statements

Matters discussed in this announcement may constitute forward-looking statements. Forward looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "deems", "intends", "estimate", "will", "may", "continue", "should" and similar expressions. This applies in particular to statements relating to future results, financial position, cash flow, plans and expectations of Albert's operations and management, future growth and profitability, general economic and regulatory environment and other factors affecting Albert, many of which are based on further assumptions, such as no changes in existing political, legal, fiscal, market or economic conditions or applicable law (including but not limited to accounting principles, accounting methods and tax policies), which may or may not be of importance to Albert's results or its ability to operate. Although Albert believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward looking statements.

Potential investors should therefore not attach undue confidence to the forward-looking information herein.

The information, opinions and forward-looking statements contained in this announcement speak only as at its date and could be subject to change without notice. Neither Albert nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release.

[1] Refers to sales to consumers (usually students or their parents).

[2] Refers to sales to municipalities and schools.

[3] Amounts in SEK converted from EUR at the assumed EUR/SEK rate of 11.

[4] Company values on a debt- and cash-free basis and equity. Minor differences are expected to arise against purchase price based on closing statements.

[5] Conditional on the growth in consolidated annual net sales for all companies included in the group as of 31 January 2023 reaching 90 percent between the financial years 2022-2024.

[6] In the most recent twelve-month period ending 30 September 2022.

[7] Amounts in SEK converted from EUR at the assumed EUR/SEK rate of 11.

[8] Subscription-based net sales of a recurring nature.

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Attachments

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