

Albert strengthens its position in the UK and expands with B2B offering through acquisition of Sumdog Ltd

eEducation Albert ("Albert"), a leading Nordic EdTech player, has entered into an agreement to acquire Sumdog Ltd, a leading B2B player in EdTech with operations primarily in the UK, but also the United States. Through the acquisition, Albert complements its offer in B2C with a well-established B2B service and strengthens its position in the British market. Sumdog had sales of 2.6 MGBP with an adjusted gross margin of 88 percent in 2021. The purchase price initially amounts to 6.85 MGBP with a possible additional purchase price of a maximum of 2 MGBP during 2022-2023.

Sumdog has been active for 12 years and has a strong brand among teachers and students in the UK and US. Sumdog's digital platform is currently used by approximately 15% of all schools in the UK and 10% of all schools in the US. It is a complete digital learning platform for children between the ages of 5-14 in subjects such as mathematics, spelling and grammar, adapted to the British and American curriculum. The product is built around 30 games with a focus on a good user experience for children.

Sumdog is active in the B2B market with teachers as its primary target group. B2B is characterized by long agreements with stable revenues and low customer losses, but with lower revenues per paying user. B2B has a different but complementary business model for B2C where Albert is active today.

Through the acquisition of Sumdog, Albert will have great opportunities to complement both the B2C and B2B offer with content from each leg. It opens up for cross-selling where the content of Sumdog's products may be offered to parents that use our platform. Albert also sees the opportunity to offer its B2C products to Sumdog's customers. With Sumdog as a base, Albert sees opportunities for further complementary acquisitions in B2B in the future.

Arta Mandegari, co-founder of Albert, said: "This is a strategic acquisition where we strengthen our position in the important British market and take another step towards our goal of becoming the leading EdTech player in Europe. Albert has previously had the parent-student connection in his ecosystem, and with Sumdog we get the missing piece of the puzzle in the form of the teacher".

Salman Eskandari, co-founder of Albert said: "Sumdog will be the basis of our B2B offering, which is characterized by stable revenues and cash flows with very low churn. Sumdog offers high-quality and curriculum-adapted content that we can collaborate on and benefit from in the B2C business, and vice versa. We see great opportunities to supplement with more subjects, and also to expand the business within Sumdog to reach the parent group. Together with the team at Sumdog, we look forward to continuing to grow the business, and reach out to more teachers and students to improve and streamline children's learning."

Andrew Hall, CEO and founder of Sumdog: "Over the past 12 years, we have developed Sumdog to become an important digital aid for teachers, while we have always strived for children to love the product itself. It feels very exciting to now take the next step on our journey as part of Albert. We see a perfect match between us both in the offer and the culture, where children's learning is at the center".

Financial profile and purchase price

For 2021, Sumdog's ARR amounted to 2.6 MGPA with an adjusted gross profit of 2.2 MGBP. The revenue

retention rate was 91%. The high gross margin in combination with a favorable working capital profile enables a strong free cash flow going forward. The acquisition is expected to have an initial positive impact on Albert's EBITA margin as early as 2022. The effect on cash flow is expected to be neutral during the current year and provide a positive cash flow from 2023.

The total purchase price amounts to a maximum of 8.85 MGBP, of which the initial purchase price amounts to 6.85 MGBP. The additional purchase price of a maximum of 2 MGBP is regulated during 2022-2023 linked to growth in annual recurring income (ARR). In order for the maximum additional purchase price to be paid, an ARR of 4.5 MGBP is required by the end of 2023.

Advisor

In connection with the acquisition, Albert has engaged Bristow's LLP as a legal advisor and PwC as financial advisors. Sumdog's advisors included Grant Thornton UK LLP and MacRoberts LLP.

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About eEducation Albert AB (publ)

Albert is the children's digital teacher, who since the start in 2016 has helped over 275,000 families with homework via mobile devices. Albert's apps are aimed at younger (3-9 years) and older children (10-16 years) and include subjects such as Mathematics, Geography, Code and Reading & Writing. Albert was founded in 2016 by two friends in Gothenburg with a clear goal - to democratize knowledge through technology - and that is what drives us even today. Albert is listed on the Nasdaq First North Growth Market with the short name (ticker) ALBERT. The company's certified adviser is FNCA Sweden AB, info@fnca.se, +46 (0) 8528 00 399.

Read more at investors.hejalbert.se

This information is information that eEducation Albert 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, at 2022-02-24 07:00 CET.

Attachments

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