

# albert™

## INTERIM REPORT

1 JANUARY – 30 SEPTEMBER 2022



# ARR EXCEEDS SEK 150 MILLION. SUCCESSFUL ESTABLISHMENT OF B2C-BUSINESS FOR SUMDOG IN THE UK

## INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2022

### 1 JULY – 30 SEPTEMBER 2022

- Annual recurring revenue (ARR) amounted to SEK 152,0 (81,0) million, corresponding to an increase of 88 percent, of which 34 percent relates to organic growth and 54 percent acquired growth.
- Net sales amounted to SEK 33,118 (17,520) thousand, corresponding to an increase of 89 percent, of which 30 percent relates to organic growth and 59 percent acquired growth.
- EBITA amounted to SEK -21,428 (-17,520) thousand.
- Profit before tax for the period amounted to SEK -28,225 (-18,004) thousand.
- Profit after tax for the period amounted to SEK -26,795 (-18,004) thousand.
- Earnings per share amounted to SEK -1.52 (-1.48), before and after dilution.
- Cash flow from operating activities amounted to SEK -7,441 (-11,760) thousand.
- Cash and cash equivalents at the end of the period amount to SEK 120,129 (30,209) thousand.

### 1 JANUARY – 30 SEPTEMBER 2022

- Annual recurring revenue (ARR) amounted to SEK 152,0 (81,0) million, corresponding to an increase of 88 percent, of which 34 percent relates to organic growth and 54 percent acquired growth.
- Net sales amounted to SEK 88,876 (44,028) thousand, corresponding to an increase of 102 percent, of which 45 percent relates to organic growth and 57 percent acquired growth.
- EBITA amounted to SEK -55,992 (-40,411) thousand. Nonrecurring items affected EBITA with SEK 1,732 thousand which related to transaction costs in connection with the acquisition of Sumdog Ltd in February 2022.
- Profit before tax for the period amounted to SEK -72,897 (-40,642) thousand.
- Profit after tax for the period amounted to SEK -69,814 (-40,642) thousand.
- Earnings per share amounted to SEK -3,95 (-3,34), before and after dilution.
- Cash flow from operating activities amounted to SEK -53,890 (-33,560) thousand.
- Cash and cash equivalents at the end of the period amount to SEK 120,129 (30,209) thousand.

### SIGNIFICANT EVENTS DURING THE THIRD QUARTER 2022

- In July, a cooperation agreement was signed with Egmont Story House regarding content linked to Bamse. Through the agreement, Albert, via its platform for the youngest children "Jaramba", will be able to convey content with Bamse to the age category 2-5 years.
- In September, license agreements were signed with Hatten förlag and Babblarna. Through the agreement, Albert will be able to offer language development books, films, music, games and toys from Hatten Förlag to the age group 1-5 years via its platform for the youngest children "Jaramba".

## KEY FIGURES IN FOCUS

| <i>SEK Thousand</i>                                    | Jul-Sep |         | Jan-Sep  |         | Jan-Dec |
|--|---------|---------|----------|---------|---------|
|  | 2022    | 2021    | 2022     | 2021    | 2021    |
| Net sales  | 33,118  | 17,520  | 88,876   | 44,028  | 62,564  |
| <i>Percentage change compared to comparison period</i> | 89      |         | 102      |         | 162     |
| EBITA  | -21,428 | -17,915 | -55,992  | -40,411 | -57,113 |
| <i>Percentage change compared to comparison period</i> | -20     |         | -39      |         | -118    |
| EBITA margin (%)                                       | -       | -       | -        | -       | -       |
| Profit before tax for the period                       | -28,225 | -18,004 | -72,897  | -40,642 | -57,264 |
| <i>Percentage change compared to comparison period</i> | -57     |         | -79      |         | -117    |
| Profit after tax for the period                        | -26,795 | -18,004 | -69,814  | -40,642 | -57,264 |
| Earnings per share (SEK)*                              | -1.52   | -1.48   | -3.95    | -3.34   | -3.26   |
| Cash flow from operating activities                    | -7,441  | -11,760 | -53,890  | -33,560 | -51,513 |
| Cash flow for the period                               | -11,099 | -13,180 | -131,752 | -38,323 | 182,968 |

\*Refers to both before and after dilution when the amount is negative.

| Operational key figures        | 30 Sep | 31 Dec |      |
|--------------------------------|--------|--------|------|
|                                | 2022   | 2021   | 2021 |
| <b>B2C</b>                     |        |        |      |
| Paying subscribers (thousands) | 94.6   | 66.8   | 77.8 |
| ARPPU (SEK)                    | 109.7  | 101.0  | 96.0 |
| ARR (MSEK)                     | 124.5  | 81.0   | 89.6 |
| <b>B2B</b>                     |        |        |      |
| Paying subscribers (thousands) | 627.9  | -      | -    |
| ARPPU (SEK)                    | 3.7    | -      | -    |
| ARR (MSEK)                     | 27.5   | -      | -    |

\*\* Additional segment with the acquisition of Sumdog Ltd in February 2022.

## FOUNDER'S COMMENT

We leave an eventful quarter behind us, not least from a macroeconomic perspective. Inflation, rising interest rates and skyrocketing energy prices have resulted in increasing concern for household finances. From an Albert perspective, it has therefore been more important than ever to frequently and carefully analyze purchasing and usage behavior during the summer months to ensure the return on our investments in growth.

We look back with pride on the third quarter of the year where we managed to deliver an effective summer campaign in the B2C business area that resulted in growth in our annual recurring revenue (ARR) with a return that was within the framework we felt safe investing within. Compared to the previous quarter (Q2), we have seen declining customer acquisition costs and high conversion rates and solid new customer acquisition in all our markets, which overall reinforces our belief that quality educational services for children have continued to be in high demand among family household. The synergies at group level between the acquired businesses are now starting to be realized and are bearing fruit in the operational business, not least through the launch of a broader consumer offer for Sumdog on the British market, which during the third quarter has been one of our most important markets.

Furthermore, our business area B2B has had a quarter behind it with many customers renewing their contracts as well as new customer activity that went well in connection with the start of school which fell at the end of the quarter. At group level, we now pass SEK 151 million in recurring revenue (ARR), which has been an important milestone and good growth compared to both the previous quarter and compared to the same quarter last year. During the past quarter, we have also started the implementation of Bamse in our products within the framework of the agreement entered into with Egmont. The development work has proceeded according to plan and we look forward to being able to offer both our existing and new customers fun learning with well-known children's characters.

Also, we have continued to commit time and resources to our M&A pipeline as we see good opportunities to drive growth while accelerating our journey towards profitability at group level via strategically important acquisitions. We see that company valuations are normalized and developed to become more attractive even in the non-public market, which over time will result in opportunities we will want to execute on. We also note in our dialogues that other European actors and entrepreneurs are attracted to join our journey towards becoming the leading European Ed-Tech actor.

From a business development perspective, during the quarter we maintained a high level of activity in our offerings with the aim of improving our operational key figures. A successful sample of new offers we like to highlight is the introduction of annual subscriptions to our customers via our websites, where the results have been promising and rolled out widely in the Swedish market.

When we look back on the past quarter, we note that we are putting another stable quarter behind us. A quarter where we take clear steps towards our communicated financial goals as well as our goal of becoming a leading player on the European EdTech market. The fact that we succeed in delivering this in a challenging macroeconomic climate strengthens our belief that we have a powerful and relevant offer both for parents, children, schools and teachers and that promises an exciting future. An offer that we also intend to strengthen further in the future and that will lead us forward in our vision of democratizing education for everyone through technology.



The founders,  
Arta Mandegari & Salman Eskandari

# FINANCIAL OVERVIEW

## THIRD QUARTER

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### NET SALES & RESULT

Net sales during the quarter amounted to SEK 33,118 (17,520) thousand, which is an increase of 89 percent compared to the comparison period 2021. The acquisition of Sumdog Ltd during February 2022 and continued expansion in current markets has contributed to a decrease in dependence on the Swedish market in relation to total net sales, which now amount to 45 (58) percent in the third quarter of 2022.

The increase in net sales is driven by growth in the number of paying subscribers, average revenue per paying user (ARPPU) and acquisitions of operations during the year. ARPPU has increased on total compared to the comparison period when new subscription plan was launched with a higher monthly fee. The users that were added in connection with the acquisition of Ampd AB and Sumdog Ltd B2C subscribers had a significantly lower ARPPU than Albert's subscribers, with which ARPPU was initially negatively affected. In the long run, the ambition is to integrate these subscribers into Albert's remaining ecosystem, with which ARPPU should return to previous levels. Sundog's ARPPU for B2B subscribers increased during the quarter due to upselling to existing customers.

The adjusted gross margin amounted to 90.6 (91.0) percent. The adjusted gross margin is calculated as a share of net sales less direct sales costs. The company's direct sales costs refer to platform fees, royalties, licenses, and fees for payment management.

EBITA for the quarter amounted to SEK -21,428 (-17,915) thousand and is due to the growth investment that the company made, which resulted in marketing costs increasing during the year compared to the second quarter of 2021. The acquired B2B operation has a significantly better EBITA margin than the remaining operations and has therefore had a positive effect on EBITA. During the period, amortization of acquired intangible assets amounted to SEK 6,790 (-) thousand.

Profit for the period amounted to SEK -26,795 (-18,004) thousand. Earnings per share before and after dilution amounted to SEK -1.52 (-1.48).

### CASH FLOW & WORKING CAPITAL

Cash flow from operating activities amounted to SEK -7,441 (-11,760) thousand. Cash flow improved during the period due to increased prepaid income for Sumdog's sale of annual subscriptions during the third quarter.

Working capital as of September 30 amounted to SEK -6,585 (-3,812) thousand. Accrued costs and prepaid income have increased

significantly, which is driven by Sumdog's sale of annual subscriptions to schools with advance payment.

## JANUARY – SEPTEMBER

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### NET SALES & RESULT

Net sales during the period January – September amounted to SEK 88,876 (44,028) thousand, which is an increase of 102 percent compared to the comparison period 2021. The acquisition of Sumdog Ltd during February 2022 and continued expansion in current markets has contributed to a decrease in dependence on the Swedish market in relation to total net sales, which now amount to 46 (62) percent. With the acquisition, the offer was expanded with B2B, which is also reported as a separate operating segment.

The increase in net sales is driven by growth in the number of paying subscribers, average revenue per paying user (ARPPU) and acquisitions of operations during the year. ARPPU has increased on total compared to the comparison period when new subscription plan was launched with a higher monthly fee. The users that were added in connection with the acquisition of Ampd AB and Sumdog Ltd B2C subscribers had a significantly lower ARPPU than Albert's subscribers, with which ARPPU was initially negatively affected. In the long run, the ambition is to integrate these subscribers into Albert's remaining ecosystem, with which ARPPU should return to previous levels.

The adjusted gross margin amounted to 92.1 (91.0) percent. The adjusted gross margin is calculated as a share of net sales less direct sales costs. The company's direct sales costs refer to platform fees, royalties, licenses, and fees for payment management.

EBITA for the period decreased to SEK -55,992 (-40,411) thousand and is due to the growth investment that the company has made, and which has resulted in marketing costs increasing during the year compared to the comparison period 2021. During the period, amortization of acquired intangible assets amounted to SEK 16,819 (-) thousand. During the period, the company was also charged with costs of SEK 1,732 thousand attributable to advice in connection with the transaction of Sumdog Ltd.

Profit for the period amounted to SEK -69,814 (-40,642) thousand. Earnings per share before and after dilution amounted to SEK -3.95 (-3.34).

### CASH FLOW & WORKING CAPITAL

Cash flow from operating activities amounted to SEK -53,890 (-33,560) thousand. Accrued costs and prepaid income have increased significantly, which is driven by Sumdog's sales to schools, which takes place on annual subscriptions with payment in advance.

Working capital as of September 30 amounted to SEK -6,585 (-3,812) thousand. Accrued costs and prepaid income have increased significantly, which is driven by Sumdog's sales to schools, which takes place on annual subscriptions with payment in advance.

## Other information

### **SIGNIFICANT EVENTS DURING THE THIRD QUARTER OF 2022**

During October, the company carried out a targeted new share issue linked to the Company's staff option program that was launched in 2019. A total of 42,000 new shares have been subscribed, which was decided in the New Share Issue at an extraordinary general meeting on September 27, 2022. All current employees chose to use one hundred percent (100%) of their available employee options granted in the program.

### **INVESTMENTS**

During the period, Albert invested SEK 3,900 (1,210) thousand in self developed intangible assets, which refers to the development of new products and the launch of new functions in current products. The investment refers to the capitalization of development expenses for development, such as personnel costs for employees in product and technology development and the purchase of consultants.

### **FINANCING**

Albert has outstanding debts to credit institutions totaling SEK 0 (962) thousand. The equity / assets ratio amounts to 72 (68) percent as of September 30, 2022, and the net debt amounted to SEK -120,129 (-42,217) thousand.

### **SIGNIFICANT RISKS AND UNCERTAINTIES**

Albert works continuously and systematically to identify, evaluate, and manage overall risks as well as various systems and processes. In this way, the company can have a high rate of development and at the same time have knowledge of both opportunities and risks. The most significant strategic and operational risks that affect Albert's operations and industry are described in detail in the administration report in the annual report for 2021, pages 30-31. The reported risks, as described in the 2021 annual report, are assessed to be essentially unchanged.

### **TRANSACTIONS WITH RELATED PARTIES**

Purchases of marketing took place during the financial year from Schibsted, including Group companies that are deemed to be related parties, considering board representation and ownership. The transactions are part of eEducation Albert AB's normal operations and took place on market terms. Total costs during the quarter amounted to SEK 456 thousand and SEK 3,222 thousand for 2022 so far.

**Upcoming reporting dates**

|                                 |                  |
|---------------------------------|------------------|
| Yearend report 2022             | 24 February 2023 |
| Interim report, January – March | 2 May 2023       |
| Interim report, January – June  | 15 August 2023   |

**Certification**

The Board of Directors and the CEO assure that the interim report provides a fair overview of the company's operations, position and results and describes significant risks and uncertainties that the company faces.

**Signatures of the report**

Gothenburg, 1 November 2022

**Jacob Møller**  
Chairman

**Richard Sandenskog**  
Board Member

**Eva Nilsagård**  
Board Member

**Helene Broms**  
Board Member

**Andrea Carr**  
Board Member

**Arta Mandegari**  
CEO

For further information, please contact:

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This information is such information that eEducation Albert is required to publish in accordance with the EU Market Abuse Regulation. The information was submitted, through the care of the above contact person, for publication on November 1, 2022, at 07.30.

**Review**

This interim report has not been subject to review by the Company's auditors.

## Consolidated income statement

| <i>SEK Thousands</i>   | Note | <b>Jul-Sep<br/>2022</b> | <b>Jul-Sep<br/>2021</b> | <b>Jan-Sep<br/>2022</b> | <b>Jan-Sep<br/>2021</b> | <b>Jan-Dec<br/>2021</b> |
|--|------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Net sales  | 8    | 33,118                  | 17,520                  | 88,876                  | 44,028                  | 62,564                  |
| Capitalized work for own account   | 3    | 3,900                   | 1,210                   | 11,234                  | 4,734                   | 7,749                   |
| Other income   |      | 399                     | 9                       | 2,198                   | 91                      | -                       |
|  |      | <b>37,417</b>           | <b>18,739</b>           | <b>102,308</b>          | <b>48,853</b>           | <b>70,313</b>           |
| <b>Operating expenses</b>  |      |                         |                         |                         |                         |                         |
| Other external expenses  |      | -44,181                 | 31,503                  | -119,070                | -73,035                 | -103,650                |
| Personnel expenses   |      | -12,573                 | -3,913                  | -33,662                 | -12,873                 | -18,828                 |
| Depreciation, amortization, and impairment of tangible and intangible assets | 3    | -8,884                  | -1,237                  | -21,672                 | -3,356                  | -4,844                  |
| Other operating expenses   |      | -                       | -                       | -719                    | -                       | -104                    |
| <b>Operating profit/loss</b>   |      | <b>-28,211</b>          | <b>-17,915</b>          | <b>-72,815</b>          | <b>-40,411</b>          | <b>-57,113</b>          |
| <b>Result from financial items</b>   |      |                         |                         |                         |                         |                         |
| Interest costs and similar profit and loss items                             |      | -4                      | -89                     | -82                     | -231                    | -151                    |
| <b>Result after financial items</b>  |      | <b>-28,225</b>          | <b>-18,004</b>          | <b>-72,897</b>          | <b>-40,642</b>          | <b>-57,264</b>          |
| Tax on profit/loss for the period  |      | 1,430                   | -                       | 3,083                   | -                       | -                       |
| <b>Profit/loss for the period</b>  |      | <b>-26,795</b>          | <b>-18,004</b>          | <b>-69,814</b>          | <b>-40,642</b>          | <b>-57,264</b>          |
| <b>Earnings per share</b>  |      |                         |                         |                         |                         |                         |
| -before and after dilution (SEK)*  |      | -1.52                   | -1.48                   | -3.95                   | -3.34                   | -3.26                   |
| <b>Number of shares outstanding at the end of the reporting period</b>       |      |                         |                         |                         |                         |                         |
|  |      | <b>17,679,655</b>       | <b>12,182,250</b>       | <b>17,679,655</b>       | <b>12,182,250</b>       | <b>17,579,655</b>       |
| <b>Average number of shares outstanding</b>                                  |      |                         |                         |                         |                         |                         |
|  |      | <b>17,679,655</b>       | <b>12,131,500</b>       | <b>17,629,655</b>       | <b>12,144,850</b>       | <b>13,480,851</b>       |

\*Refers to both before and after dilution when the amount is negative.



## Consolidated balance sheet

| <i>SEK Thousands</i>  | Note | <b>30 Sep<br/>2022</b> | <b>30 Sep<br/>2021</b> | <b>31 Dec<br/>2021</b> |
|---|------|------------------------|------------------------|------------------------|
| <b>ASSETS</b>   |      |                        |                        |                        |
| <b>Fixed assets</b>   |      |                        |                        |                        |
| <b>Intangible assets</b>  |      |                        |                        |                        |
| Capitalized development costs and similar work                  | 3    | 46,798                 | 6,505                  | 8,734                  |
| Goodwill  | 6    | 38,340                 | -                      | 28                     |
| Concessions, patents, license, brands as well as similar rights | 3, 6 | 49,166                 | 42                     | 12,426                 |
|   |      | <b>134,303</b>         | <b>6,547</b>           | <b>21,188</b>          |
| <b>Tangible fixed assets</b>                                    |      |                        |                        |                        |
| Equipment, tools and installations                              |      | 272                    | 150                    | 144                    |
|   |      | <b>272</b>             | <b>150</b>             | <b>144</b>             |
| <b>Financial assets</b>   |      |                        |                        |                        |
| Other non-current receivables                                   |      | 257                    | 257                    | 257                    |
|   |      | <b>257</b>             | <b>257</b>             | <b>257</b>             |
| <b>Total fixed assets</b>                                       |      | <b>134,833</b>         | <b>6,954</b>           | <b>21,589</b>          |
| <b>Current assets</b>   |      |                        |                        |                        |
| Accounts receivable   |      | 12,220                 | 5,033                  | 5,411                  |
| Other receivables   |      | 2,307                  | 1,397                  | 945                    |
| Prepaid costs and accrued income                                |      | 5,020                  | 864                    | 357                    |
|   |      | <b>19,547</b>          | <b>7,294</b>           | <b>6,713</b>           |
| <b>Cash and cash equivalents</b>                                |      |                        |                        |                        |
| Cash and cash equivalents                                       |      | 120,129                | 30,209                 | 251,499                |
|   |      | <b>120,129</b>         | <b>30,209</b>          | <b>251,499</b>         |
| <b>Total current assets</b>                                     |      | <b>139,677</b>         | <b>37,503</b>          | <b>258,212</b>         |
| <b>TOTAL ASSETS</b>   |      | <b>274,509</b>         | <b>44,457</b>          | <b>279,801</b>         |

| <i>SEK Thousands</i>   | Note | <b>30 Sep<br/>2022</b> | <b>30 Sep<br/>2021</b> | <b>31 Dec<br/>2021</b> |
|--|------|------------------------|------------------------|------------------------|
| <b>EQUITY AND LIABILITIES</b>  |      |                        |                        |                        |
| <b>EQUITY</b>  |      |                        |                        |                        |
| Share capital  | 4    | 884                    | 242                    | 879                    |
| Other capital contributed  |      | 401,601                | 154,770                | 410,340                |
| Retained earnings including profit/loss for the period                         |      | -204,375               | -125,217               | -144,069               |
| <b>Shareholders' equity, attributable to the Parent Company's shareholders</b> |      | <b>198,110</b>         | <b>30,138</b>          | <b>267,150</b>         |
| Non-controlling interests  |      | -                      | -                      | -                      |
| <b>Total equity</b>  |      | <b>198,110</b>         | <b>30,138</b>          | <b>267,150</b>         |
| <b>Provisions</b>  |      |                        |                        |                        |
| Deferred tax liabilities   |      | 16,620                 | -                      | 2,427                  |
| Other provisions   |      | 24,814                 | -                      | -                      |
|  |      | 41,434                 | -                      | 2,427                  |
| <b>Non-current liabilities</b>   |      |                        |                        |                        |
| Other liabilities  |      | -                      | 58                     | -                      |
|  |      | -                      | 58                     | -                      |
| <b>Current liabilities</b>   |      |                        |                        |                        |
| Accounts payable   |      | 5,538                  | 5,631                  | 2,238                  |
| Current tax liabilities  |      | 293                    | 244                    | 288                    |
| Other liabilities  |      | 5,062                  | 2,911                  | 1,798                  |
| Accrued expenses and deferred income   |      | 24,072                 | 5,476                  | 5,900                  |
|  |      | 34,965                 | 14,261                 | 10,224                 |
| <b>SUMMA EGET KAPITAL OCH SKULDER</b>  |      | <b>274,509</b>         | <b>44,457</b>          | <b>297,801</b>         |

## Consolidated changes in equity

| <i>SEK Thousands</i>                      | Share capital | Other capital contributed | Retained earnings including profit/loss for the period | Total Equity  |
|---|---------------|---------------------------|--|---------------|
| <b>Opening equity 2021-01-01</b>          | <b>195</b>    | <b>152,469</b>            | <b>-82,591</b>   | <b>70,073</b> |
| Result for the period                     |               |                           | -40,642  | -40,642       |
| <i>Transactions with owners</i>           |               |                           |  |               |
| <i>Paid in unregistered share capital</i> |               |                           |  |               |
|   |               | 731                       |  | 731           |
| Rights issue                              | 47            | -47                       |  | -             |
| Exercise of options                       | 2             | -2                        |  | -             |
| Capitalization issue                      | 365           |                           | -365   | -             |
|   | 414           | 682                       | -365   | 731           |
| <i>Transfer between items in equity</i>   |               |                           |  |               |
| Fund for development costs                |               | 1,619                     | -1,643   | -25           |
|   | -             | 1,619                     | -1,643   | -             |
| <b>Closing equity 2021-09-30</b>          | <b>609</b>    | <b>154,770</b>            | <b>-125,217</b>  | <b>30,138</b> |

| <i>SEK Thousands</i>                    | Share capital | Other capital contributed | Retained earnings including profit/loss for the period | Total Equity   |
|---|---------------|---------------------------|--|----------------|
| <b>Opening equity 2022-01-01</b>        | <b>879</b>    | <b>410,340</b>            | <b>-144,069</b>  | <b>267,150</b> |
| Result for the period                   |               |                           | -69,814  | -69,812        |
| <i>Changes in equity</i>                |               |                           |  |                |
| <i>Qualified employee stock options</i> |               |                           |  |                |
|   |               |                           | 178  | 178            |
| Translation difference                  | -             | -                         | 594  | 594            |
|   | -             | -                         | 772  | 772            |
| <i>Transaction with owners</i>          |               |                           |  |                |
| Rights issue                            | 5             | -5                        | -  | -              |
|   | 5             | -5                        | -  | -              |
| <i>Transfer between items in equity</i> |               |                           |  |                |
| Fund for development costs              |               | -8,734                    | 8,734  | -              |
|   | -             | -8,734                    | 8,734  | -              |
| <b>Closing equity 2022-09-30</b>        | <b>884</b>    | <b>401,601</b>            | <b>-204,375</b>  | <b>198,110</b> |

The number of shares outstanding as of the balance sheet date amounts to 17,679,655.

## Consolidated statement of cash flow

| <i>SEK Thousands</i>   | <b>Jul-Sep<br/>2022</b> | <b>Jul-Sep<br/>2021</b> | <b>Jan-Sep<br/>2022</b> | <b>Jan-Sep<br/>2021</b> | <b>Jan-Dec<br/>2021</b> |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Operating activities</b>  |                         |                         |                         |                         |                         |
| Result after financial items   | -28,225                 | -18,004                 | -72,926                 | -40,642                 | -57,264                 |
| Adjustments for non-cash flow items  | 8,485                   | 1,237                   | 20,517                  | 3,382                   | 4,839                   |
| Tax paid   | 39                      | 112                     | 5                       | 104                     | 201                     |
| <b>Cash flow from operating activities before changes to working capital</b> | <b>-19,701</b>          | <b>-16,655</b>          | <b>-52,374</b>          | <b>-37,156</b>          | <b>-52,225</b>          |
| <i>Cash flow from changes in working capital</i>                             |                         |                         |                         |                         |                         |
| Increase (-)/Decrease (+) of operating receivables                           | 3,721                   | -964                    | -5,899                  | -4,659                  | -3,747                  |
| Increase (+)/Decrease (-) of operating liabilities                           | 8,539                   | 5,859                   | 4,383                   | 8,255                   | 4,459                   |
| <b>Cash flow from operating activities</b>                                   | <b>-7,441</b>           | <b>-11,760</b>          | <b>-53,890</b>          | <b>-33,560</b>          | <b>-51,513</b>          |
| <b>Investing activities</b>  |                         |                         |                         |                         |                         |
| Acquisition of tangible fixed assets   | -                       | -                       | -                       | -                       | -                       |
| Acquisition of intangible assets   | -3,900                  | -1,210                  | -11,234                 | -4,734                  | -8,394                  |
| Acquisition of subsidiaries / operations, net cash impact                    | -                       | -                       | -66,628                 | -                       | -4,808                  |
| <b>Cash flow from investing activities</b>                                   | <b>-3,900</b>           | <b>-1,210</b>           | <b>-77,862</b>          | <b>-4,734</b>           | <b>-13,202</b>          |
| <b>Financing activities</b>  |                         |                         |                         |                         |                         |
| Redeemed warrants  | -                       | -                       | -                       | 731                     | 731                     |
| New share issue  | -                       | -                       | -                       | -                       | 264,473                 |
| Issue costs  | -                       | -                       | -                       | -                       | -15,863                 |
| Amortization of non-current loans  | -                       | -210                    | -                       | -760                    | -1,658                  |
| <b>Cash flow from financial activities</b>                                   | <b>-</b>                | <b>-210</b>             | <b>-</b>                | <b>-29</b>              | <b>247,683</b>          |
| <b>Cash flow for the year</b>  | <b>-11,099</b>          | <b>-13,180</b>          | <b>-131,752</b>         | <b>-38,323</b>          | <b>182,968</b>          |
| Cash and cash equivalents at beginning of the year                           | 131,228                 | 43,389                  | 251,499                 | 68,532                  | 68,532                  |
| Exchange rate difference in cash and cash equivalents                        | 242                     | -                       | 382                     | -                       | -                       |
| <b>Cash and cash equivalents at end of the year</b>                          | <b>120,129</b>          | <b>30,209</b>           | <b>120,129</b>          | <b>30,209</b>           | <b>251,499</b>          |

## Parent Company income statement

| <i>SEK Thousands</i>  | Note | Jul-Sep<br>2022 | Jul-Sep<br>2021 | Jan-Sep<br>2022 | Jan-Sep<br>2021 | Jan-Dec<br>2021 |
|---|------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net sales   | 8    | 22,756          | 17,520          | 63,709          | 44,028          | 62,564          |
| Capitalized work for own account  | 3    | 3,900           | 1,210           | 11,234          | 4,734           | 7,749           |
| Other income  |      | 38              | 9               | 1,790           | 91              | -               |
|   |      | 26,694          | 18,739          | 76,733          | 48,853          | 70,313          |
| <b>Operating expenses</b>   |      |                 |                 |                 |                 |                 |
| Other external expenses   |      | -40,916         | -31,503         | -109,509        | -73,035         | -103,639        |
| Personnel expenses  |      | -6,509          | -3,913          | -19,598         | -12,873         | -18,828         |
| Depreciation, amortization and impairment of tangible and intangible assets | 3    | -2,096          | -1,237          | -5,327          | -3,356          | -4,844          |
| Other operating expenses  |      | -               | -               | -1,051          | -               | -104            |
| <b>Operating profit/loss</b>  |      | <b>-22,827</b>  | <b>-17,915</b>  | <b>-58,752</b>  | <b>-40,411</b>  | <b>-57,103</b>  |
| <b>Result from financial items</b>  |      |                 |                 |                 |                 |                 |
| Income from shares in group companies                                       |      | -               | -               | -               | 25              | 25              |
| Interest costs and similar profit and loss items                            |      | -3              | -89             | -5              | -256            | -177            |
| <b>Result after financial items</b>   |      | <b>-22,830</b>  | <b>-18,044</b>  | <b>-58,757</b>  | <b>-40,642</b>  | <b>-57,254</b>  |
| Tax on profit/loss for the period   |      | -               | -               | -               | -               | -               |
| <b>Profit/loss for the period</b>   |      | <b>-22,830</b>  | <b>-18,044</b>  | <b>-58,757</b>  | <b>-40,642</b>  | <b>-57,254</b>  |

## Parent Company balance sheet

| <i>SEK Thousands</i>  | Note | <b>30 Sep<br/>2022</b> | <b>30 Sep<br/>2021</b> | <b>31 Dec<br/>2021</b> |
|---|------|------------------------|------------------------|------------------------|
| <b>ASSETS</b>   |      |                        |                        |                        |
| <b>Fixed assets</b>   |      |                        |                        |                        |
| <b>Intangible assets</b>  |      |                        |                        |                        |
| Capitalized development costs and similar work                  | 3    | 14,182                 | 6,505                  | 8,112                  |
| Concessions, patents, license, brands as well as similar rights | 3    | 548                    | 42                     | 645                    |
|   |      | 14,730                 | 6,547                  | 8,757                  |
| <b>Tangible fixed assets</b>                                    |      |                        |                        |                        |
| Equipment, tools, and installations                             |      | 45                     | 150                    | 111                    |
|   |      | 45                     | 150                    | 111                    |
| <b>Financial assets</b>   |      |                        |                        |                        |
| Shares in group companies                                       | 6    | 123,535                | 88                     | 10,088                 |
| Other non-current receivables                                   |      | 257                    | 257                    | 257                    |
|   |      | 123,792                | 345                    | 10,345                 |
| <b>Total fixed assets</b>                                       |      | <b>138,567</b>         | <b>7,042</b>           | <b>19,214</b>          |
| <b>Current assets</b>   |      |                        |                        |                        |
| Accounts receivable   |      | 6,703                  | 5,033                  | 5,120                  |
| Receivables to group companies                                  |      | 500                    | -                      | -                      |
| Other receivables   |      | 897                    | 1,397                  | 927                    |
| Prepaid costs and accrued income                                |      | 737                    | 864                    | 335                    |
|   |      | 8,837                  | 7,294                  | 6,382                  |
| <b>Cash and cash equivalents</b>                                |      |                        |                        |                        |
| Cash and cash equivalents                                       |      | 98,657                 | 30,209                 | 251,273                |
|   |      | 98,657                 | 30,209                 | 251,273                |
| <b>Total current assets</b>                                     |      | <b>107,494</b>         | <b>37,503</b>          | <b>257,655</b>         |
| <b>TOTAL ASSETS</b>   |      | <b>246,061</b>         | <b>44,545</b>          | <b>276,869</b>         |

| <i>SEK Thousands</i>                 | Note | <b>30 Sep<br/>2022</b> | <b>30 Sep<br/>2021</b> | <b>31 Dec<br/>2021</b> |
|--------------------------------------|------|------------------------|------------------------|------------------------|
| <b>EQUITY AND LIABILITIES</b>        |      |                        |                        |                        |
| <b>EQUITY</b>                        |      |                        |                        |                        |
| <i>Restricted equity</i>             |      |                        |                        |                        |
| Share capital                        | 4    | 884                    | 609                    | 879                    |
| Ongoing rights issue                 |      | -                      | -                      | 5                      |
| Fund for development costs           |      | 14,182                 | 6,505                  | 8,112                  |
|                                      |      | 15,066                 | 7,114                  | 8,996                  |
| <i>Non-restricted equity</i>         |      |                        |                        |                        |
| Share premium reserve                |      | 401,601                | 148,266                | 401,601                |
| Retained earnings                    |      | -149,285               | -84,532                | -86,139                |
| Profit/loss for the period           |      | -58,757                | -40,642                | -57,254                |
|                                      |      | 193,559                | 23,092                 | 258,208                |
| <b>Total equity</b>                  |      | <b>208,625</b>         | <b>30,206</b>          | <b>267,204</b>         |
| <b>Provision</b>                     |      |                        |                        |                        |
| Other provisions                     |      | 24,814                 | -                      | -                      |
|                                      |      | 24,814                 | -                      | -                      |
| <b>Non-current liabilities</b>       |      |                        |                        |                        |
| Other liabilities                    |      | -                      | 58                     | -                      |
| Liabilities to group companies       |      | -                      | 20                     | -                      |
|                                      |      | -                      | 78                     | -                      |
| <b>Current liabilities</b>           |      |                        |                        |                        |
| Accounts payable                     |      | 4,076                  | 5,631                  | 2,149                  |
| Current tax liabilities              |      | 301                    | 244                    | 285                    |
| Other liabilities                    |      | 2,826                  | 2,911                  | 1,761                  |
| Accrued expenses and deferred income |      | 5,419                  | 5,476                  | 5,469                  |
|                                      |      | 12,622                 | 14,261                 | 9,665                  |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |      | <b>246,061</b>         | <b>44,545</b>          | <b>276,869</b>         |

## Notes

### Note 1 Accounting principles

This interim report has been prepared in accordance with the Annual Accounts Act (1995:1554) and the accounting principles set out in BFNAR 2012: 1 Annual Report and Consolidated Accounts (K3). The same accounting principles and calculation bases have been applied as in the most recent annual report. All amounts are, unless otherwise stated, rounded to the nearest thousand.

For the full year of 2021, eEducation Albert AB (publ), eEducation Albert Invest AB and Ampd AB are included in the consolidated accounts. For 2022, eEducation Albert AB (publ), eEducation Albert Invest AB, Ampd AB and Sumdog Ltd are included in the consolidated accounts.

### Note 2 Estimates and assessments

Preparing the interim report requires management to make assessments and estimates and to make assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, income, and expenses. The actual outcome may differ from these estimates and judgments. In addition to what is described below, the critical assessments and sources of uncertainty in estimates are the same as in the most recent annual report.

During the nine months ended September 30, 2022, management has made new estimates regarding:

- As the business continues to focus on growth, a negative tax result is reported. This has resulted in loss carryforwards in the business. Considering the uncertainty about the future, the company's management has not chosen to value these as a deferred tax asset. As of September 30, 2022, Albert had a total loss deduction of SEK 202 million.

### Note 3 Intangible and tangible fixed assets

#### Acquisitions and divestments

During the quarter, Albert capitalized work for his own account regarding capitalized expenses for development work. These development works relate to the development of the company's products such as Albert, Albert Junior, Albert ABC, Albert English and Albert Teen. In total, these investments in the first quarter of 2022 amounted to SEK 3,900 (1,210) thousand and to SEK 11,234 (4,734) thousand for the year so far.

In addition to development of intangible assets, Sumdog Ltd was acquired, which resulted in intangible assets in the form of trademarks, software, customer relationships and goodwill.

#### Impairment and reversal of impairment

No impairments have taken place during the period.

### Note 4 Equity

As of September 30, 2022, the registered share capital comprised 17,679,655 ordinary shares (12,182,250) with a quota value of SEK 0.05 (0.05).

### Note 5 Share-based payments

As of the end of September 30, 2022, the company has a qualified employee stock option program consisting of a maximum of 224,868 option rights entitling to a maximum of 441,000 shares, whereby the share capital can increase by a maximum of SEK 22,050. The Company has entered into agreements with the respective participants for all options, whereby in the event of a call for exercise of the participant, the Board of Directors of the Company shall convene a general meeting where decisions on the issue of the corresponding number of shares shall be considered.

The qualified employee stock options are exercised for a period of three (3) years from the date of allotment and can thereafter be exercised by the option holder to subscribe for shares no later than one year thereafter. The last possible call date occurs in 2024. The exercise price for each share covered by the qualified employee stock options amounts to SEK 10.27.

The second qualified employee stock options are exercised for a period of three and a half years (3.5) years from the date of allotment and can thereafter be exercised by the option holder to subscribe for shares no later than 2 months thereafter. The last possible call date occurs in 2025. The exercise price for each share covered by the qualified employee stock options amounts to SEK 59.11.



The maximum dilution of the qualified employee stock option program amounts to 2.43 percent.

### Note 6 Acquisition of business

eEducation On February 24, 2022, Albert acquired all the shares in Sumdog Ltd. The purchase price amounted to MGBP 8.85, of which SEK 6.85 M was paid in cash and financed with available cash and cash equivalents and the remaining 2 MGBP pertains to the additional purchase price linked to growth in ARR between 2022–2023. The acquisition was valued in SEK at a total of SEK 112.9 million, including the maximum additional purchase price. For the maximum additional purchase price, the ARR for Sumdog shall amount to 4.5 MGBP. The acquisition is seen as a business acquisition in accordance with K3 capital 19.

Net sales for Sumdog 2021 amounted to GBP 2.6 million (2.3), and operating profit before depreciation (EBITA) for the same period amounted to SEK -0.2 million (0). The acquisition has been included in affected Albert's reported income statement for the Group as of February 25, 2022. The acquisition is expected to have an initial positive impact on Albert's EBITA margin already in 2022. The effect on cash flow is expected to be neutral during the current year and provide a positive cash flow from 2023.

The surplus value attributable to the acquisition amounted to SEK 106.9 million as of February 24, 2022, of which SEK 25 million pertained to trademarks, SEK 25 million pertained to proprietary intangible assets, SEK 30 million pertained to customer relations, SEK -16.5 million pertained to deferred tax attributable to surplus values and SEK 43.4 million pertained to goodwill.

The table below summarizes the purchase price paid as well as acquired assets and liabilities that are reported at fair value as of the acquisition date. The acquisition analysis is preliminary and may be adjusted.

| <i>SEK Thousand</i>                          | <b>2022</b>    |
|--|----------------|
| Cash and cash equivalents                    | 87,248         |
| Additional purchase price                    | 25,642         |
| <b>Total purchase price</b>                  | <b>112,890</b> |
| Identifiable assets and liabilities          |                |
| Software                                     | 35             |
| Trade mark                                   | 25,000         |
| Self-developed intangible assets             | 25,000         |
| Customer relations                           | 30,000         |
| Tangible assets                              | 189            |
| Other current receivables                    | 6,938          |
| Cash and cash equivalents                    | 20,134         |
| Operating liabilities                        | -21,304        |
| Deferred tax attributable to surplus values  | -16,480        |
| <b>Total assets and liabilities acquired</b> | <b>69,512</b>  |
| Total purchase price                         | 112,890        |
| Fair value of acquired assets                | -69,512        |
| <b>Goodwill</b>                              | <b>43,378</b>  |
| <i>SEK Thousand</i>                          |                |
| Cash and cash equivalents                    | -87,248        |
| Cash acquired                                | 20,620         |
| <b>Outflow of cash to acquire subsidiary</b> | <b>-66,628</b> |

Goodwill is mainly attributable to the acquired operations' overall competence and the synergies that arise in the form of an expanded product offering in the B2C and B2C business. The useful life of the brand is estimated to be 5 years, in-house developed intangible assets are estimated to be 5 years, customer relationships are estimated to be 5 years and goodwill is estimated to be 5 years.

### Note 7 Pledged collateral

In the previous year, the company has amortized all loans to credit institutions, with which there are no pledged securities as of September 30, 2022. These pledged securities amounted to SEK 0 (4,000) thousand as of September 30, 2022.

### Note 8 Events following the balance sheet date

During October, the company carried out a targeted new share issue linked to the Company's staff option program that was launched in 2019. A total of 42,000 new shares have been subscribed, which was decided in the New Share Issue at an extraordinary general meeting on September 27, 2022. All current employees chose to use one hundred percent (100%) of their available employee options granted in the program.

### Note 9 Segment reporting

Albert's CEO, as the highest executive decision-maker, monitors and analyzes results and financial position for the company, by geographic market and business area. The company's operating segments are therefore distributed as in Sweden – B2C, Other – B2C, UK – B2B and Other – B2B.

The following operating segments have been identified:

- Segment: Sweden – B2C, all B2C net sales to Sweden as a market
- Segment: Other – B2C, all B2C net sales that do not take place in Sweden as a market
- Segment: UK – B2B, all B2B net sales to UK as a market
- Segment: Other – B2B, all B2B net sales that do not take place in UK as a market

|                          | Jul-Sep       |               | Jan-Sep       |               | Jan-Dec       |
|--------------------------|---------------|---------------|---------------|---------------|---------------|
| <i>SEK Thousand</i>      | 2022          | 2021          | 2022          | 2021          | 2021          |
| <b>Geographic market</b> |               |               |               |               |               |
| Sweden – B2C             | 14,889        | 10,242        | 41,129        | 27,078        | 38,110        |
| Other – B2C              | 10,119        | 7,278         | 28,184        | 16,950        | 24,454        |
| UK – B2B*                | 6,333         | -             | 16,798        | -             | -             |
| Other – B2B*             | 1,777         | -             | 2,765         | -             | -             |
| <b>Total</b>             | <b>33,118</b> | <b>17,520</b> | <b>88,876</b> | <b>44,028</b> | <b>62,564</b> |

\*Additional segments with the acquisition of Sumdog Ltd in February 2022

## Key Figures – Definitions

| Financial key figures              | Definition   | Motivation for users  |
|------------------------------------|--|---|
| <b>Net sales, LTM</b>              | Refers to net sales for the last 12 months   | Clarify the company's net sales for the last 12 months  |
| <b>Net income growth</b>           | Change in net sales compared with the same period last year  | Clarify the company's growth in net sales compared with the same period last year   |
| <b>Organic net sales growth</b>    | Organic growth refers to sales growth from existing operations adjusted for effects from acquisitions and divestments. An acquisition or sale is only included in the calculation of organic growth as it is included with an equal number of months in the current period and the corresponding period last year. Otherwise, it is included in the calculation for acquired growth. | Clarify the company's growth in net sales compared with the same period last year, excluding any acquisitions during the periods for increased comparison over time |
| <b>Adjusted gross profit</b>       | Net sales less direct sales costs, which are defined as platform fees, royalties, licenses, and payment handling fees  | Clarify the Company's contribution, which is to cover fixed and variable costs in the business  |
| <b>Adjusted gross margin</b>       | Adjusted gross profit as part of net sales   | Clarify how much of the Company's net sales remains to cover fixed and variable costs   |
| <b>EBITA</b>                       | Earnings before interest, tax and amortisation and write-downs of acquisition-related assets   | Measure the result from operating activities independent of amortisation and write-down of acquisition-related assets   |
| <b>EBITA margin</b>                | EBITA as part of net sales   | Clarifies the company's profitability generated by operating activities. Facilitates comparison of profitability between different companies and industries         |
| <b>EBIT margin</b>                 | EBIT as part of net sales  | Shows how large a share of sales remains after all operating expenses and which can be used for other purposes  |
| <b>Net cash (-)/ liability (+)</b> | Interest-bearing liabilities minus interest-bearing receivables and cash and cash equivalents  | Shows the Company's total indebtedness  |

| Financial key figures                     | Definition  | Motivation for users   |
|---|---|--|
| <b>Working capital</b>                    | Current assets excluding cash and cash equivalents less trade payables and accrued expenses as well as prepaid income   | Clarifies how much capital is needed to finance the day-to-day operations            |
| <b>Equity ratio</b>                       | Equity as part of total assets  | Clarifies the Company's capital structure and hence the company's financial strength |
| <b>Earnings per share before dilution</b> | Profit after tax for the period attributable to the Parent Company's shareholders divided by the weighted average number of outstanding ordinary shares during the period   | Clarifies shareholders' earnings per share before dilution                           |
| <b>Earnings per share after dilution</b>  | Profit after tax for the period attributable to the Parent Company's shareholders divided by the weighted average number of outstanding ordinary shares adjusted for the effects of all potential ordinary shares that give rise to a dilution effect during the period | Clarifies shareholders' earnings per share after dilution                            |

| Financial key figures        | Definition   | Motivation for users  |
|------------------------------|--|---|
| <b>Number of subscribers</b> | Refers to the company's paying subscribers at the end of the period  | Clarify the company's total paying user base at the end of the period             |
| <b>ARPPU (SEK)</b>           | Average monthly net sales per paying subscriber during the period  | Clarifies the company's average net sales per paying subscriber during the period |
| <b>ARR (MSEK)</b>            | Annual recurring income in MSEK. Calculated via ARPPU multiplied by the number of subscribers multiplied by 12 | Clarify the company's recurring income on an annual basis in MSEK.                |

## eEducation Albert in brief

Albert was founded in 2015 and is an app-based education platform for children in the age range 3-16 years. The company offers digital education services on a subscription basis.

The services are provided for a fixed monthly fee through apps, which are available on the Apple App Store and Google Play. Based on the Company's own surveys, the Company is a leading player in the B2C segment in the Nordic region regarding digital education services with in-depth learning content. Since the Company was founded, Albert has helped over 300,000 families with their children's education.

The company has about 70 employees who together form an innovative group of people with a diversified background whose common goal is to help more children develop their skills in a way that suits them. The company is headquartered in Gothenburg.

## eEducation Albert – Financial Targets

The following financial targets have been adopted by Albert's board:

- Albert targets to grow net sales on average by more than 50 percent per year in the medium term, of which organic growth will constitute the majority, and to achieve net sales exceeding SEK 500 million for the full year 2025.
- Albert targets an EBITA margin of 40 percent in the long term.

