

Perlego

Investment overview 2024

Investment highlights

1

Education is a multi-trillion dollar market facing structural challenges

Higher Education students are expected to double in the next decade, up from 235m in 2024 ([Unesco](#)) while education is rapidly moving online. Market size source: [HolonIQ](#)

4

Our solution benefits both students and publishers

Perlego's win-win model helps students save money, learn more effectively and helps publishers earn more from their content through revenue share

2

Digital education solutions are the answer to old and new problems

The pandemic has accelerated global Edtech spend, forecasted to double to \$360B by 2024 from \$160B in 2019, a Compound Annual Growth Rate of 17% ([Citi Research](#))

5

As proven by our rapid growth in content and paying subscribers

Perlego's Annual Run Rate has grown by 80% YoY CAGR 2020-2023 (Source: Management accounts), underpinned by strong growth in content, paying subscribers and partner institutions

3

Perlego has a winning product, brand and business model in the market

We democratise access to course materials, aggregating the world's leading publishers on a simple *all-you-can-read* subscription model

6

We have a clear growth strategy to take advantage of our leadership position

Scale in our home market, expand in Europe and North America and help students learn collaboratively 'beyond reading'

Billed as the ‘Spotify for textbooks’, Perlego is democratising access to education

WHAT

Billed as the ‘*Spotify for textbooks*’, Perlego makes education more accessible to all with a **digital library** that gives university students unlimited access to over 1 million academic titles from the world’s leading publishers, at an affordable price.

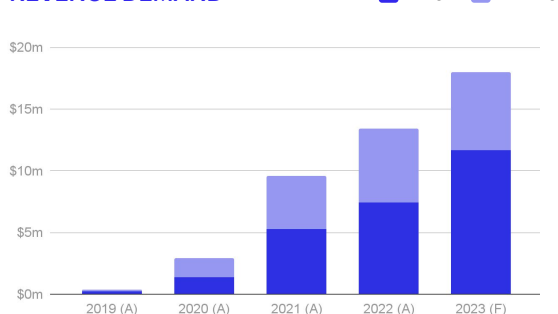
HOW

We sell subscriptions **globally** through two channels: **DTC**, where the students pay for their own subscriptions; and **B2B2C**, where institutions purchase subscriptions in bulk on behalf of their students.

ARR YTD as of September 2023. YoY ARR growth and title growth comparing 2023 actuals to 2024 forecasts. Source: Management information and forecasts

ARR: Annual Run Rate, **DTC**: Direct to consumer, **B2B2C**: Business to business to consumer

REVENUE DEMAND



\$18M

ARR EOY23

40%

YoY ARR growth
forecast 23-24

\$75M

EST. ARR 2027

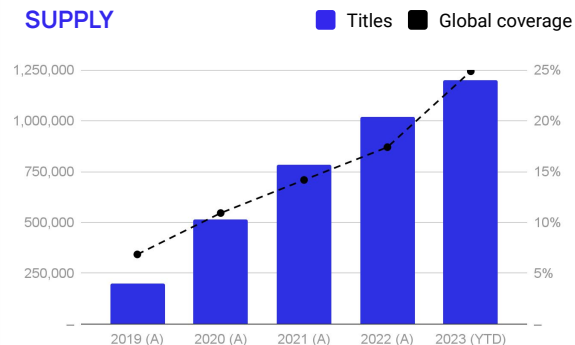
125,000

Paying subscribers

225

Partner institutions

SUPPLY



1.2M

Live ebook titles YTD

43%

Title CAGR

3,000+

Publisher imprints

5

Languages

The industry wide challenge

The textbook model isn't working for students

7/10

think textbooks are too expensive

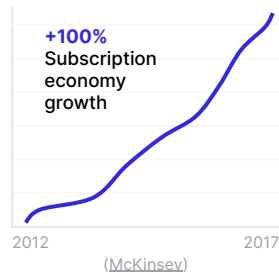
Students said that they had not purchased a textbook at least once because they had found the price too high.



73%

prefer access over ownership

Students believe having access to textbooks is more important than owning them.



· Feb 9

Why tf are college **textbooks** so **expensive** for??? 😞



· 2h

I'm so glad I bought these really **expensive** college **textbooks** so that 8 years later they could be used to prop up my computer monitor



· Feb 6

I'm asking again WHY ARE **TEXTBOOKS** SO **EXPENSIVE**



· Aug 15, 2019

In higher ed, **Pearson** is behind the absurdly **expensive textbooks**, now mostly for rent online. (Please, colleagues, do not assign these things to your students.)



· 17 Jan 2018

It really really bugs me that **textbooks** published by **Pearson** are so **expensive**. You'd think that education companies would want to **HELP** students.

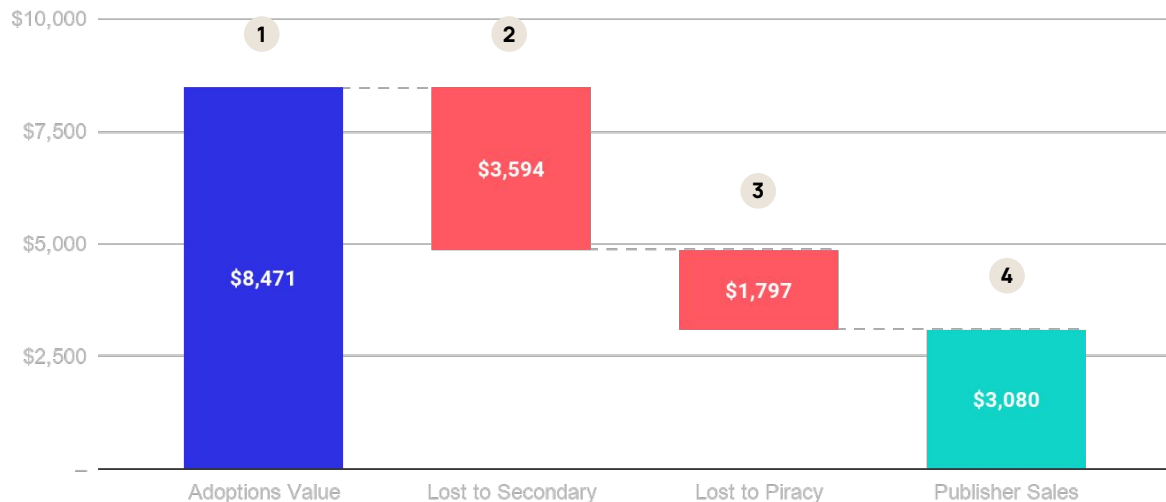
- ✗ Bad quality pirated PDFs
- ✗ Used books in wrong editions
- ✗ Reading assignments over email
- ✗ Ad-ridden bibliography tools
- ✗ Complicated library systems
- ✗ Where are my class notes?
- ✗ Unfriendly Learning Management System
- ✗ Dispersed Lecture slides



Publishers only monetise 35% of their adoptions, leaving 65% on the table

US EXAMPLE: HED PUBLISHERS LOSE AN ESTIMATED \$5.4B TO SECONDARY AND PIRACY

Est. FY2020 US HE Sales (\$ million)



Based on data from Pearson's Annual Report FY19 relating to the share lost to secondary and piracy and Association of American Publishers total US HED course material publisher revenues (2019) updated to reflect 2020 revenue trend from the sum of Pearson, Cengage and McGraw Hill. **HED:** Higher Education

1. Total value of US HED adoptions

Only an estimated 36% of adopted units translate into publisher sales ([BofA](#), 2019). If all adopted units were new purchases, the publisher's US HED serviceable obtainable market (SOM) is worth c. \$8.5B.

2. Publisher sales lost to secondary

An estimated 42% of adoptions are lost to the secondary market ([BofA](#), 2019). This could equate to c. \$3.6B for US HED publishers

3. Publisher sales lost to piracy

An estimated 21% of adoptions are lost to piracy ([BofA](#), 2019). This could equate to c. \$1.8B for US HED publishers.

4. Actual Publisher US HED Sales

Based on AAP US HED publisher course material revenues (2019), updated to reflect sales trends from Pearson, Cengage and McGraw Hill in 2020

The solution

One membership for all learning materials

★ Unlimited access

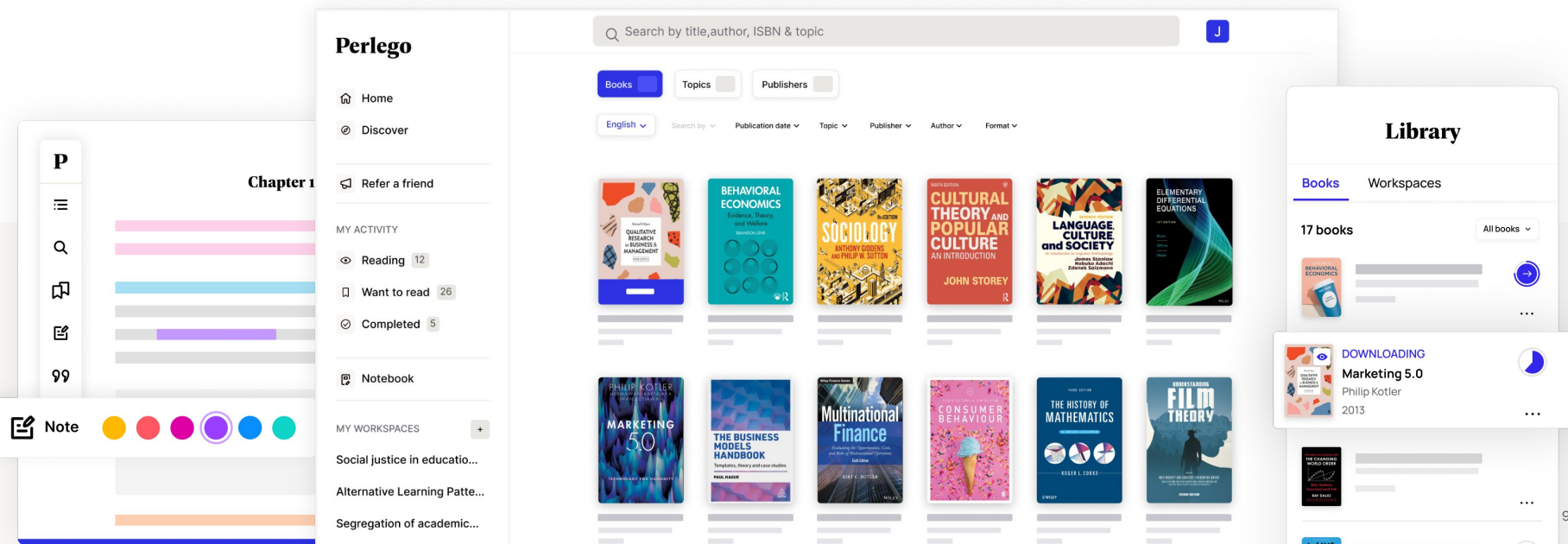
The world's academic library now fits in a pocket. From biochemistry to theology, anyone can learn anything, anytime, anywhere.

💰 Affordable for all

We want to make learning material universally affordable. We give students access to the world's largest online library, for an accessible price.

🧠 Smarter learning

Smooth reading, easy revisions, one-click citations and collaboration with peers - Perlego is here to give students all they need to succeed in learning.



We help learners master their course materials

Adaptive Learning Experience

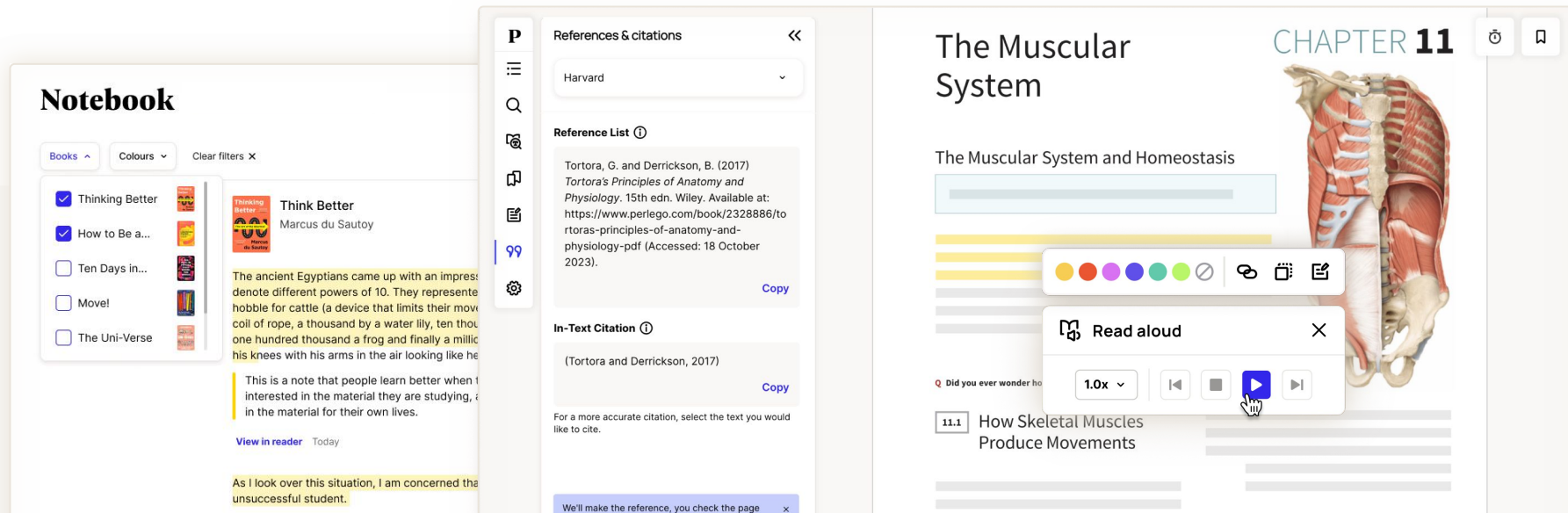
Recognising students' diverse learning styles and needs, Perlego provides a fully customizable web and mobile reading experience, audio options for improved comprehension, and accessibility features for enhanced support.

Easy Annotation

Saving important content is effortless with Perlego. Students can highlight and annotate what matters in seconds, copy and paste into their projects, share passages with peers, and conveniently access all their notes in the Notebook for revision.

Effective Study Tools

Perlego helps students maximise their learning time by streamlining essential tasks, including swift search capabilities, straightforward material organisation, time management tools, and effortless bibliography creation.



The screenshot displays the Perlego interface, which is divided into three main sections:

- Notebook:** This section on the left allows users to organize their reading materials. It features a sidebar with a list of books, including "Thinking Better" by Marcus du Sautoy. The main area shows a preview of the book's content, with a note about the ancient Egyptians' hobble for cattle. A "View in reader" button is visible at the bottom.
- References & citations:** This section in the middle provides a list of references. It includes a "Reference List" with a citation for Tortora, G. and Derrickson, B. (2017) from "Tortora's Principles of Anatomy and Physiology". A "Copy" button is next to the citation. Below this is an "In-Text Citation" section with a citation for the same source and a "Copy" button. A note at the bottom states: "For a more accurate citation, select the text you would like to cite."
- The Muscular System:** This section on the right shows the chapter title "CHAPTER 11" and a detailed anatomical illustration of the human muscular system. Below the title, the chapter content is displayed, including the title "The Muscular System and Homeostasis". A "Read aloud" button is visible, and a "1.0x" speed control is shown. A "Did you ever wonder how" section is also present.

Efficient reading and studying for students



Anywhere, anytime

Students carry their university library in their pockets: they can read or listen to their material at uni, home or on the train, on any device.



Easy annotation

Saving what's important has never been easier. Students can highlight and annotate what matters in seconds, copy and paste to their writing project, share passages with peers or export to their favourite note-taking app.



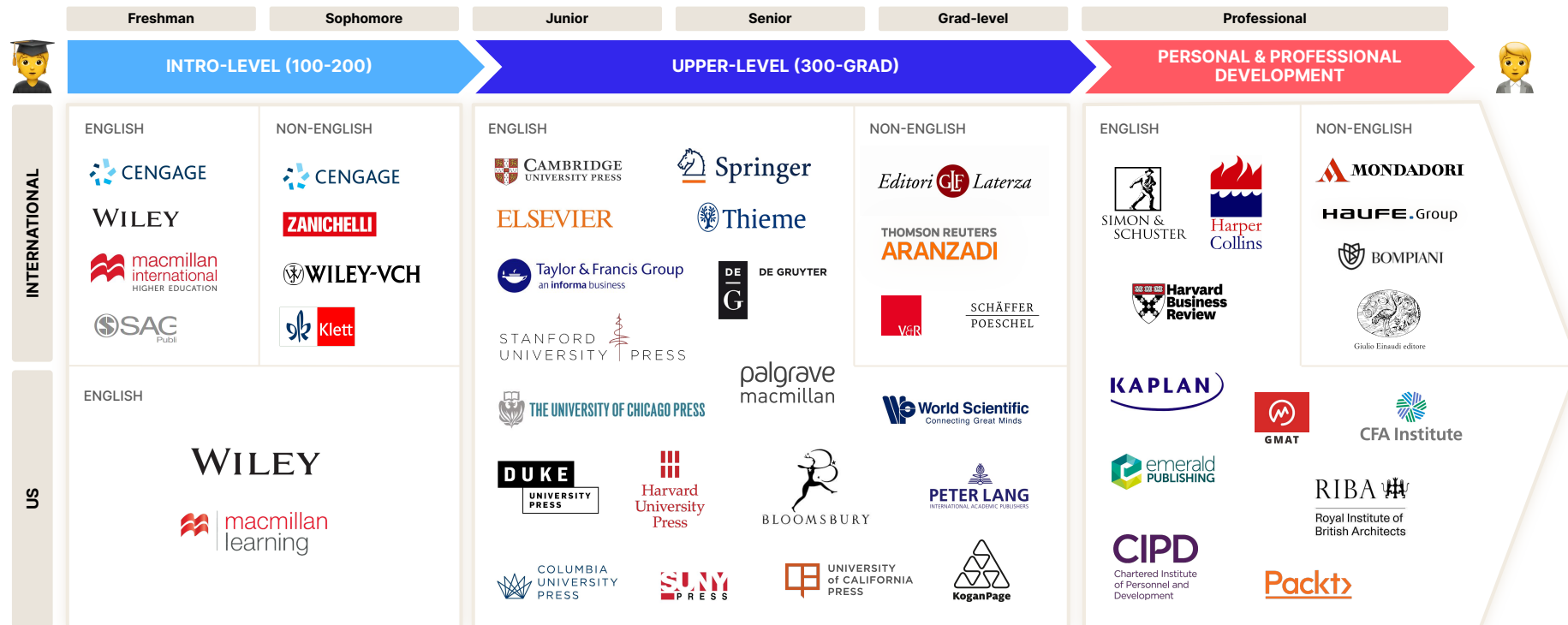
Effective exam preparation

Perlego helps students master their content as they read with AI-based quizzes and exercises aimed at increasing reading comprehension and retention.

Product descriptions and visuals include features and functionalities not currently live, but planned in our roadmap

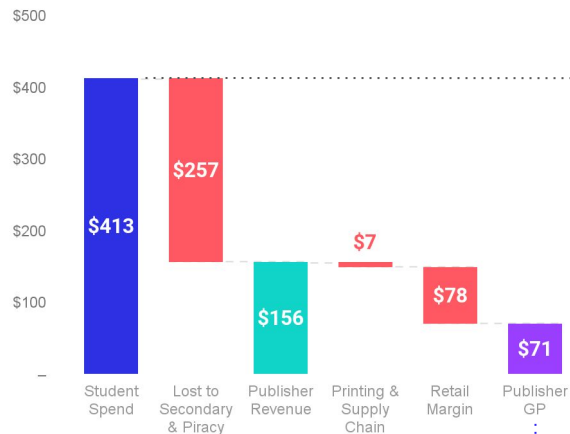
The screenshot displays the Perlego application interface. On the left is a vertical sidebar with icons for a profile, menu, search, document, notes, and social features. The main content area shows a world map with red arrows indicating human migration patterns, labeled with dates such as 40,000, 25,000, 15,000, 12,000, and 4,500. Overlaid on the map is a 'CHECKPOINT' quiz titled 'Test your knowledge'. The quiz text asks: 'The first modern Homo sapiens in Southwest Asia date to shortly after 100,000 years ago. When did they first appear in the fossil record of East Asia and Europe?'. Below the text are four multiple-choice options: A 250,000 years ago, B 100,000 years ago, C 60,000-40,000 years ago (which is highlighted with a blue border), and D 30,000-15,000 years ago.

We serve learners *from first day of class into the workplace* with the majority of the world's leading education publishers

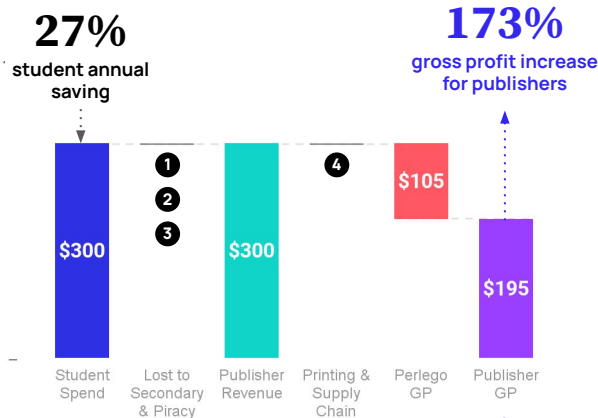


A win-win for students & publishers

TRADITIONAL MODEL



PERLEGO MODEL



KEY BENEFITS

FOR STUDENTS

- Affordable access to materials
- Convenient one-stop-shop
- Improved learning & efficiency

FOR PUBLISHERS

- Monetise more adoptions
- Increase margin
- Power decisions with data

1 AFFORDABILITY

We reduce demand for piracy and used materials by offering students an affordable option to access their course materials

2 CONVENIENCE

We reduce demand for piracy and used books by offering students a simple way to access all of their course materials

3 STREAMING

We cut supply of pirated files by offering students streaming-only access to their materials

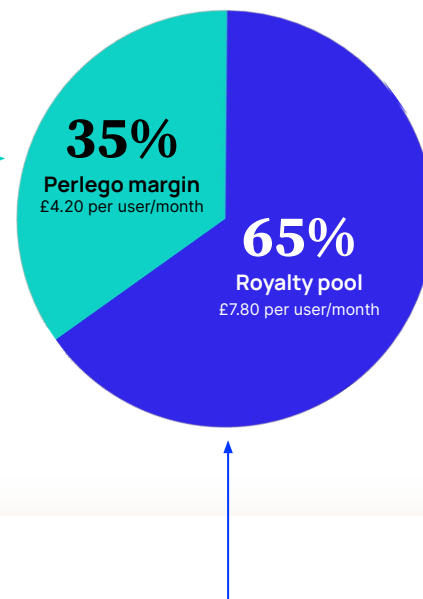
4 SHORTER SUPPLY-CHAIN

Our simple direct-to-consumer model cuts the supply chain intermediaries of the print model

Comparative economics for illustrative purposes only. Source: Management information and forecasts
GP: Gross Profit

A fair and scalable royalty model

Our unique royalty model allows publishers to generate incremental revenue on a rapidly growing price-sensitive audience that would otherwise read pirated or used copies. We pay publishers 65% of our subscription fee, based on the consumption and digital list price of their titles, weighed against all the other titles read by the same user that month. **Perlego retains a fixed 35% margin on subscription revenues.**



EXAMPLE

Sam read 2 books this month	Digital list price	% of book read		Value of content read	Publisher's royalties
Book 1 - Publisher A	£50	50%	=	£25 (76%)	76% x £7.80 = £5.91
Book 2 - Publisher B	£20	40%	=	£8 (24%)	24% x £7.80 = £1.89

Perlego has the winning product and business model

COMPETITORS

SINGLE PUBLISHER

Only a small portion of student's course materials
 Poor and dispersive learning experience for students
 Limited academic freedom for instructors



UNIVERSITY DELIVERY

Institutional spend only
 Complex institution-specific white-label deals
 Box-ticking learning experience, poor UX for students



TRADITIONAL BOOKSTORES

Prohibitively expensive for students
 Transaction-only, no learning experience
 Rapidly declining print format
 Costly supply chain for publishers



STUDY HELP

Student spend only
 Bad reputation with instructors & universities (cheating, AI)
 Bad reputation with publishers (IP infringement, AI)



WHY PERLEGO WINS

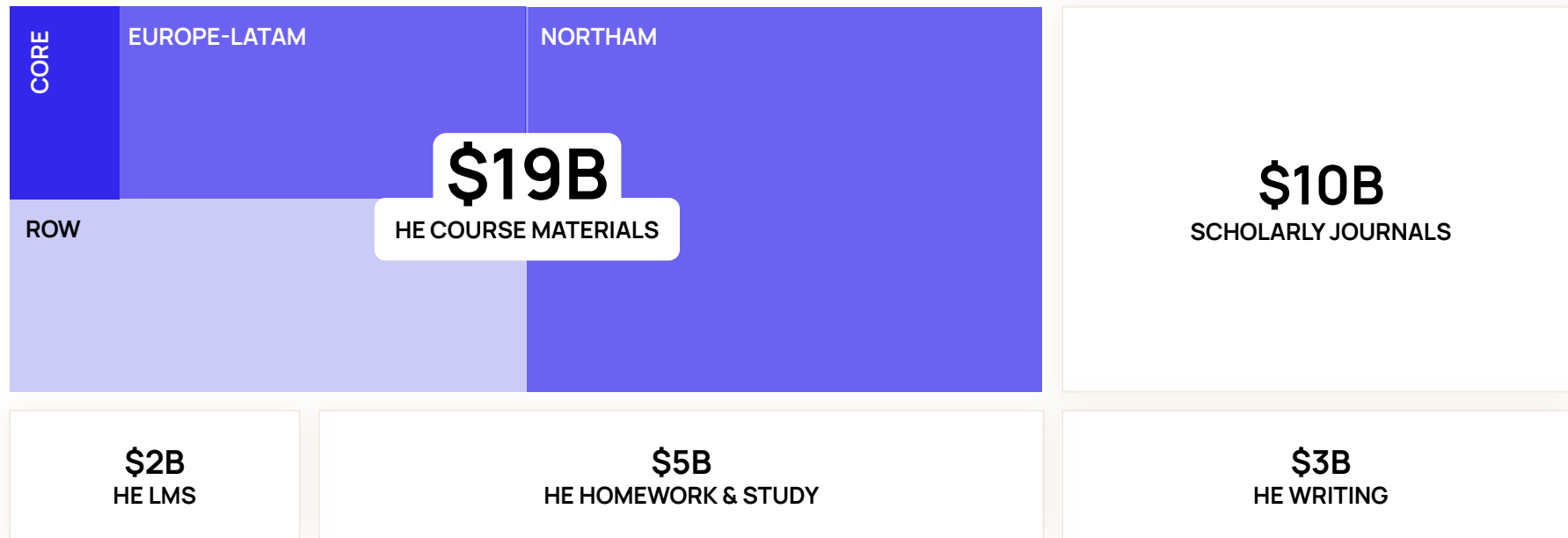
All the student materials
 in one simple place,
 for a simple price

Capturing the entire spend,
 regardless of who pays
 (DTC + B2B)

Affordable and accessible
 for students, with
 a digital-first learning experience

A trusted solution
 for publishers and universities

A large opportunity in a global market ripe for disruption

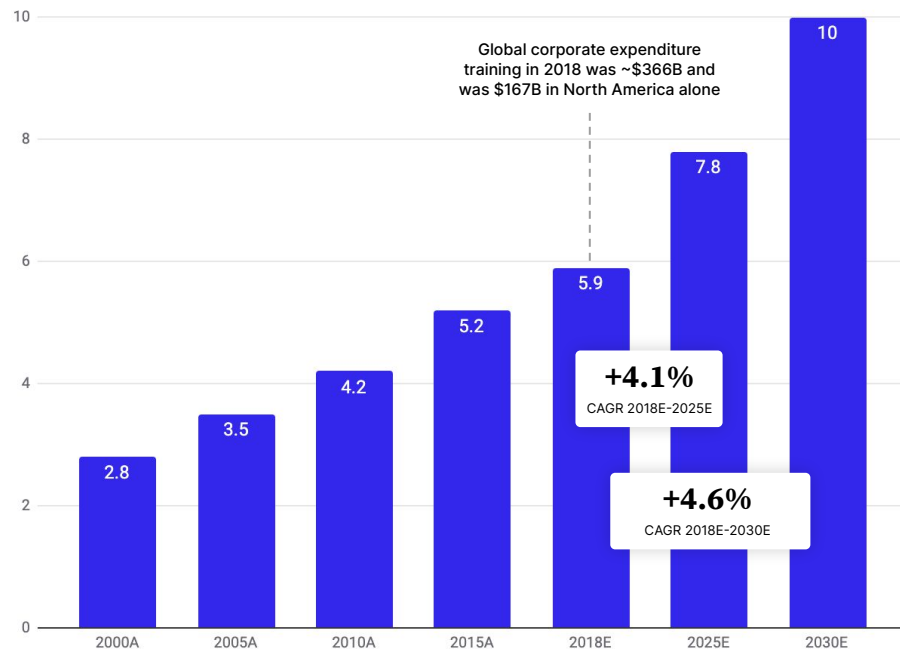


- Home market
- Markets entering
- Service available
- Adjacent market for future

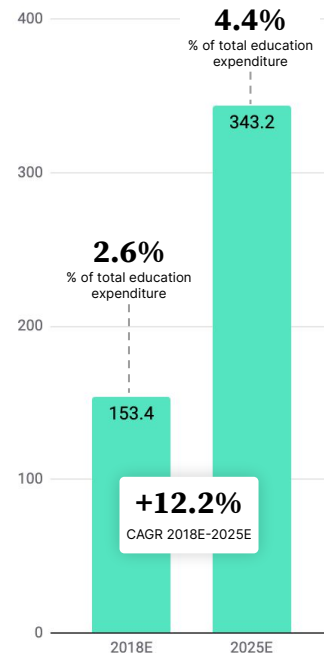
HED Course Materials market computed on current UK ARPU (Average Revenue Per User) multiplied by HE student population for each country, adjusted to local markets for GNI \$PPP (Gross National Income in Purchasing Power Parity) and local average textbook price differences. HE Homework & Study and HE Writing market sizes using average ARPU from players, adjusted for local GNI \$PPP multiplied by HE student population for each country. HE LMS market size from [ListEdtech](#) (2019). Scholarly journals market size from [STM Association](#) (2015). CORE market includes all English-speaking countries outside of North America, NORTHAM includes USA and Canada, EUROPE-LATAM groups European (excl. UK and Ireland) and Latin American countries and ROW includes all other countries.

Digital global education expenditure set for sustained growth

GLOBAL EDUCATION MARKET EXPENDITURE (\$ IN TRILLIONS)



DIGITAL EDUCATION MARKET EXPENDITURE (\$ IN BILLIONS)



Digital spend accounts for only 2.6% of global education spend, and is only expected to reach ~4% by 2025

Spend on education has increased over time, however governments have struggled in the past to fund education at levels they did previously.

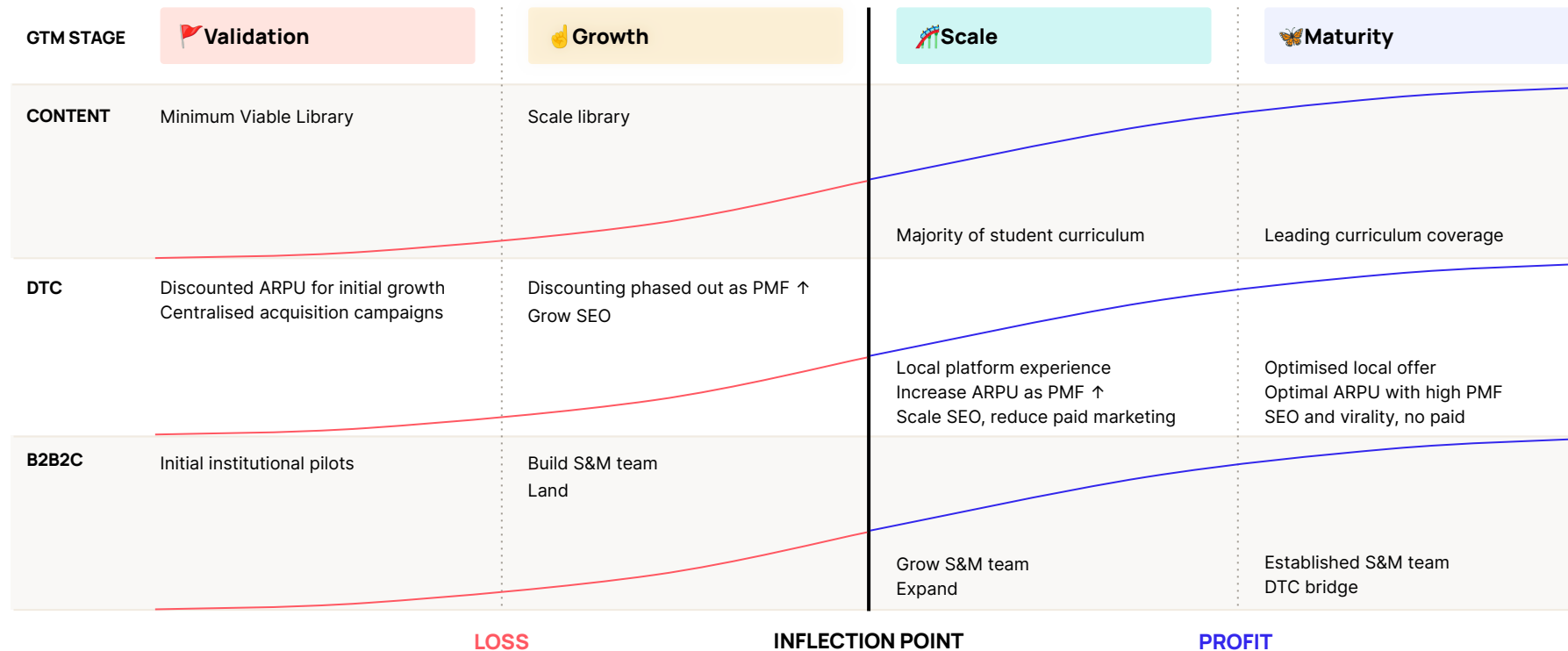
Education to date has not drawn enough private capital to fund innovation.

Source: [HolonIQ](#)

We define global education market expenditure as expenditure on education and training from governments, parents, individuals and corporates

What's next

We have a proven playbook to enter each new market



SEO: Search Engine Optimization

S&M: Sales & Marketing - PMF: Product-Market Fit