

Kahoot! AS



Quarterly Report
Q4 - 2019

Kahoot!

Kahoot! AS – Quarterly report – Q4 2019

OSLO, February 27, 2020 – Kahoot! AS, (KAHOOT-ME) today reported financial results for its fiscal quarter ended December 31st, 2019. Kahoot is a global learning platform that makes it easy to create, share and play games or trivia quizzes at school, at home and at work, with 1.2 billion participating players in more than 200 countries last twelve months.

Q4 2019 was another strong quarter and reflects focused execution by the Kahoot team now also including the acquired units DragonBox and Poio. The Kahoot Group, including acquired units, grew invoiced revenue in Q4 2019 to \$5.3m, a 216% year-over-year growth and a pro forma full year 2019 including acquired units reached invoiced revenue of \$15.2m. Recognized revenue in Q4 2019 reached \$4.0m, a 376% YoY growth and recognized revenue full year 2019 reached \$8.8m, a 353% growth from 2018. In 2019, The Kahoot Group reached a total of 170,000 paying users in Q4 2019.

Highlights Q4 and 2019

- The user growth on the platform last twelve months continued, reaching 1.2bn participating players (16% YoY growth), over 210m games played (22% YoY growth) hosted by 15.8m active accounts (26% YoY growth)
- Kahoot launched several new features and editions for all three main segments (at Work, at School and at Home), contributing to the growth of both free and paid users in the quarter
- Invoiced revenue of \$5.3m in Q4 2019, compared to \$1.7m in Q4 2018 and invoiced revenue of \$13.0m in 2019, compared to \$3.5 in 2018. Pro forma invoiced revenue full year 2019 including acquired units reached \$15.2m
- Operating revenue of \$4.0m in Q4 2019, compared to \$0.8m in Q4 2018 and Operating revenue of \$8.8m in 2019, compared to \$1.9m in 2018
- EBITDA of -\$1.2m in Q4 2019, compared to -\$2.1m in Q4 2018 and EBITDA of -\$7.0m in 2019, compared to -\$9.8m in 2018
- Kahoot Group had a positive cash flow from operations of \$1.2m in Q4 2019 (improvement from -\$0.6m in Q3 2019) and for the full year 2019 -\$2.7m
- Cash and cash equivalents as of 31.12.2019 were \$40.9m including proceeds of approx. \$25m from the October 2019 funding round, a private placement to institutional shareholders
- MRR (Monthly recurring revenue) reached \$1.1m for Kahoot subscriptions and \$0.1m for Dragonbox School. Total MRR for the group is \$1.2m as of 31.12.2019 corresponding to an ARR (Annual Recurring Revenue) of \$14.4m
- Kahoot reached 152K paid seats as of Q4 2019, compared to 120K end of Q3 2019, where of 78K in the Business segment and 74K in the School segment. In addition, DragonBox School reached 18K paid seats for the 2019/2020 school year, bringing the total number of paid seats for the group to 170K as of Q4 2019
- The acquisition of Poio and DragonBox were completed by the end of August 2019. Both companies are fully consolidated in the Kahoot Group from September 1, 2019

Kahoot Group, headquartered in Norway, is an international organisation with 110 employees with 30 different nationalities located in five offices in Norway, USA, France, England and Finland. Kahoot has users in over 200 countries and paying customer in over 150 countries.

Forward looking statement

For Q1 2020 and the full year 2020, Kahoot currently expects:

- The company currently expects invoice growth rate in 2020 of 100-150% growth from proforma 2019 level, with positive cash flow from operations
- Invoiced revenues in Q1 2020 is expected to be 10-15% higher than Q4 2019, with positive cash flow from operations

As previously indicated by the company, the Board of Directors has decided to start preparing the company to move to a main list during the first half of 2021

The information contained in this statement has not been audited and may be subject to change.

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About Kahoot! AS

Kahoot! is a global learning platform that makes it easy to create, share and play games or trivia quizzes. Kahoot! is used in different settings – in schools, corporations, social settings and cultural events. In 2019, Kahoot! had 1.2 billion participating players in more than 200 countries. Kahoot! is on a mission to make learning awesome and build the leading learning platform in the world that connects its users to premium content and features. The company is headquartered in Norway.

P&L - Kahoot! GROUP - Q4 2019 / 2019

All figures in thousands USD

	As reported			As reported		
	Group Q4 2019	Group Q4 2018	Growth	Group 2019	Group 2018	Growth
Invoiced Revenue	\$5 319	\$1 669	219 %	\$13 041	\$3 480	275 %
Net change unrecognized revenues	-\$1 335	-\$832		-\$4 284	-\$1 549	
Total Recognized Revenue	\$3 984	\$837	376 %	\$8 757	\$1 932	353 %
COGS	-\$439	-\$110		-\$970	-\$160	
Payroll/Consulting	-\$3 320	-\$1 895		-\$10 086	-\$8 104	
Other OPEX	-\$1 377	-\$932		-\$4 694	-\$3 455	
Total Operating Expenses	-\$5 137	-\$2 936	75 %	-\$15 750	-\$11 719	34 %
EBITDA	-\$1 153	-\$2 100		-\$6 993	-\$9 788	
Depreciation Tangible Assets	-\$25			-\$73		
Depreciation Intangible Assets	-\$211			-\$878		
Amortization Goodwill	-\$1 297			-\$1 716		
Total depreciation and amortization	-\$1 533			-\$2 667		
EBIT	-\$2 686			-\$9 659		
Net financial items	-\$184			-\$42		
Profit before tax	-\$2 870			-\$9 701		

* The acquisition of Poio and Dragonbox were completed by the end of August 2019. Both companies are consolidated in the Kahoot Group starting from 01.09.2019.

Kahoot Group including acquired units from Aug 2019: Invoiced revenue of \$5.3m in Q4 2019, compared to \$1.7m in Q4 2018 (219% YoY growth) and Invoiced revenue of \$13.0m in 2019, compared to \$3.5m in 2018 (275% YoY growth).

Kahoot organic growth: Invoiced revenue of \$5.0m in Q4 2019, compared to \$1.7m in Q4 2018 (197% YoY growth) and Invoiced revenue of \$12.5m in 2019, compared to \$3.5m in 2018 (260% YoY growth)

Kahoot is using NGAAP and goodwill that are capitalized are amortized linear over 5 years. The Q4 2019 numbers includes three months of Goodwill amortization. The quarterly amortization of Goodwill going forward will be approx. \$1.2m.

Kahoot capitalized R&D until 2017. From 2018 all R&D related costs are expensed. Depreciation of intangible assets are depreciation of R&D capitalized before revenue models were implemented. The quarterly depreciation of intangible assets going forward will be approx. \$0.2m.

Balance sheet - Kahoot! GROUP

All figures in thousands USD

	31.12.2019	31.12.2018
Capitalized R&D	\$2 640	\$3 614
Licenses / Domain	\$204	\$204
Goodwill	\$24 086	\$0
Deferred tax asset	\$3 431	\$3 522
Total intangible fixed assets	\$30 360	\$7 340
Property and equipment	\$313	\$142
Financial fixed assets	\$0	-\$56
Total fixed assets	\$30 674	\$7 427
Inventory/Deferred COGS	\$147	\$0
Accounts receivable	\$1 322	\$384
Prepaid expenses and other current assets	\$564	\$542
Cash and cash equivalents	\$40 851	\$28 292
Total current assets	\$42 883	\$29 218
Total assets	\$73 557	\$36 645
Total equity	\$63 359	\$34 075
Accounts payable	\$940	\$178
Public duties payable	\$1 767	\$288
Deferred revenues	\$6 718	\$1 652
Other current liabilities	\$773	\$452
Total current liabilities	\$10 197	\$2 570
Total equity and liabilities	\$73 557	\$36 645

Cash flow - Kahoot! GROUP

All figures in thousands USD

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019
Profit/(loss) before tax	-\$2 443	-\$2 121	-\$2 267	-\$2 870	-\$9 701
Depreciation and amortisation	\$239	\$239	\$656	\$1 533	\$2 667
Changes in AR	-\$245	-\$201	-\$341	-\$150	-\$937
Changes in AP	\$124	\$143	-\$41	\$536	\$762
Changes in Public duties Payable	-\$251	\$203	-\$454	\$842	\$340
Changes in Deferred revenues	\$839	\$854	\$1 186	\$2 186	\$5 065
Changes in other current balance sheet items	-\$150	-\$568	\$693	-\$891	-\$915
Net cash flow from operating activities	-\$1 888	-\$1 451	-\$567	\$1 187	-\$2 719
Capitalized R&D	\$0	\$0	\$0	\$0	\$0
Acquisition, net of cash acquired	\$0	-\$116	-\$9 426	-\$214	-\$9 755
Purchase of tangible fixed assets	-\$82	-\$28	-\$64	-\$74	-\$247
Net cash flow from investing activities	-\$82	-\$144	-\$9 489	-\$288	-\$10 002
Proceeds from equity issue	\$245	\$0	\$0	\$25 713	\$25 958
Net cash flow from financing activities	\$245	\$0	\$0	\$25 713	\$25 958
Translation differences	-\$145	-\$127	-\$1 244	\$839	-\$677
Net change in cash and cash equivalents	-\$1 869	-\$1 722	-\$11 301	\$27 451	\$12 559
Cash and cash equivalents at beginning of period	\$28 292	\$26 423	\$24 701	\$13 400	\$28 292
Cash and cash equivalents at end of period	\$26 423	\$24 701	\$13 400	\$40 851	\$40 851
Non-cash investing and financing transactions					
Fair value of shares issued as acquisition consideration			\$14 647		\$14 647

Kahoot! shareholders per 25 February 2020

Shareholder	Shares	%
1 Datum Group	17 376 955	13.4 %
2 NORTHZONE VENTURES NORWAY AS	15 577 760	12.0 %
3 CREANDUM III LP	11 044 420	8.5 %
4 AS REAL-FORVALTNING/K! invest	9 390 740	7.3 %
5 MICROSOFT GLOBAL FINANCE	6 940 000	5.4 %
6 KAM HOLDING AS	4 779 020	3.7 %
7 VERSVIK INVEST AS	4 620 692	3.6 %
8 Citigroup Global Markets Inc.	4 500 000	3.5 %
9 NEWBROTT AS	3 052 000	2.4 %
10 VERDIPAPIRFONDET NORGE SELEKTIV	2 886 382	2.2 %
11 NORDA ASA	2 516 386	1.9 %
12 MP PENSJON PK	2 307 756	1.8 %
13 VERDIPAPIRFONDET DNB NORGE	2 009 280	1.6 %
14 GLITRAFJORD AS	2 000 000	1.5 %
15 GAMIFICATION AS	1 866 600	1.4 %
16 SANDEN AS	1 424 000	1.1 %
17 Brown Brothers Harriman & Co.	1 309 059	1.0 %
18 VERDIPAPIRFONDET DNB NORDEN	1 305 183	1.0 %
19 PATRICK MARCHAL AS	1 103 480	0.9 %
20 EKHOLDT HUYNH AS	1 103 480	0.9 %
Other	32 246 303	24.9 %
Total outstanding shares	129 359 496	100.0 %
Employee option pool	8 230 000	
Total no. of shares (fully diluted)	137 589 496	

As of 25th of February 2020 Kahoot! AS has 2,719 shareholders. The shares are listed on Merkur Markets on Oslo Stock Exchange with ticker code KAHOOT-ME.

Kahoot - All Active Accounts - Last twelve months - World Wide

	LTM 31.12.2019		LTM 31.12.2019		LTM 31.12.2019	
	Kahoot Accounts (Unique)	YoY Growth	Hosted Games	YoY Growth	Participants (non unique)	YoY Growth
All Accounts (hosting)	15 783 265	26 %	210 911 981	22 %	1 188 069 746	16 %
By Territory (free and paid)						
USA and Canada	8 084 654	22 %	108 905 828	15 %	689 540 877	9 %
Europe	4 813 059	29 %	61 016 231	30 %	298 097 343	26 %
Asia Pacific	1 559 195	28 %	21 193 599	26 %	118 551 173	24 %
Latin America and The Caribbean	872 766	57 %	12 146 565	52 %	54 609 122	57 %
Africa, The Middle East, and India	453 591	30 %	7 649 758	31 %	27 271 231	32 %
	15 783 265		210 911 981		1 188 069 746	
By Segment (free and paid)						
Teachers	5 666 069	22 %	77 540 275	14 %	824 938 179	14 %
Business*	357 491	0 %	2 693 564	-5 %	18 503 323	-7 %
Students/Social	9 759 705	30 %	130 678 142	29 %	344 628 244	25 %
	15 783 265		210 911 981		1 188 069 746	

*During 2019 Kahoot introduced limitation to non-paying business accounts for large audiences

Kahoot - Paid accounts and DragonBox School

Kahoot Paid accounts (seats)	Q4 2019	YoY	Q4 2018	Q1 2019	Q2 2019	Q3 2019
	12.31.19	Growth	12.31.18	31.03.19	30.06.19	30.09.19
Teachers	74 369	388 %	15 239	32 780	40 770	57 523
Business	78 345	212 %	25 108	37 790	54 343	63 045
	152 714	279 %	40 347	70 570	95 113	120 568
DragonBox School **	18 150	231 %	5 490	5 490	5 490	18 150
Group Total	170 864	273 %	45 837	76 060	100 603	138 718

**DragonBox Math curriculum 1st-3rd grade (NO and FI)