

# Kahoot! AS



Quarterly Report  
Q1 - 2020

The Kahoot! logo, featuring the word "Kahoot!" in a bold, purple, sans-serif font with a white exclamation point. The logo is positioned in the bottom right corner of the page, which has a white background.

# Kahoot! AS – Quarterly Report – Q1 2020

**OSLO, May 7, 2020 – Kahoot! AS, (KAHOOT-ME) today announced financial results for its fiscal quarter ended March 31, 2020. Kahoot! is on a mission to make learning awesome! Our game-based learning platform makes it easy to create, share and play learning games driving compelling engagement with 1.3 billion participating players in more than 200 countries in the last twelve months.**

Q1 2020 was another strong quarter and reflects focused execution by the team in the Kahoot! Group. The Kahoot! Group grew invoiced revenue in Q1 2020 to \$6.4m, representing more than 220% increase from reported invoiced revenue in Q1 2019. Recognized revenue in Q1 2020 reached \$4.5m, representing 282% growth from Q1 2019. The Kahoot! Group achieved positive cash flow from operations in Q1 2020. By the end of Q1, the Kahoot! Group had more than 202,000 paying users.

Over the past few months, we have seen a rapid and fundamental shift in how digital tools are being used in companies, organizations, in social contexts and in all kinds of educational institutions. We see a huge shift to the distributed use of Kahoot! through videoconferencing and individual assignments to employees, students, and social players.

As self-study has increased in popularity, our learning apps DragonBox and Poio have seen tremendous interest from the media and a significant increase in downloads and usage for homeschooling and self-study. Kahoot! apps have been the editor's choice for homeschooling and remote learning by Apple, Wired, New York Times and many others.

From teachers and school admins, we see an increased number of signups for Kahoot! Premium editions. As a contribution to schools being impacted by COVID-19, Kahoot! has given free access to Premium editions to all teachers and schools for the rest of the school year and received an overwhelming response. Although we have seen a huge increase in the use of Kahoot! for remote learning, the total workload for our infrastructure has been stable, due to decreased activity from larger events and physical meetings.

Organizations and corporations of all sizes are increasingly using Kahoot! for remote training, sharing knowledge, building corporate culture and creating excitement across the distributed organization. The use of Kahoot! together with Microsoft Teams, Google Hangouts Meet, Zoom, Slack and Skype are opening new and creative ways to make learning awesome!

Therefore, we will continue to increase investments in better functionality for both free and paying users. In the coming months, Kahoot! will continue to launch several new features and initiatives such as Kahoot! Study for self-study, Kahoot! Study Groups for students and corporate training, Interactive Presentations and improved integrations with other essential tools for distributed learning, to better serve our students, teachers, professionals and parents around the world.

## Highlights Q1 2020

- User growth on the Kahoot! platform continued in the last 12 months, reaching 1.3bn participating players (23% YoY growth), 218m games played (19% growth YoY) hosted by 16.8m active accounts (25% 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. The main focus has been delivering an improved experience when using Kahoot! with video conferencing tools and for teachers giving student assessments.
- Invoiced revenue for the Kahoot! Group (including acquired units) totaled \$6.4m in Q1 2020, compared to \$2.0m in Q1 2019 as reported (222% YoY growth). The quarter-over-quarter growth for the Kahoot! Group was 21% in Q1 2020 (vs. Q4 2019).
- Invoiced revenue for Kahoot! (excl. acquired units) totaled \$6.0m in Q1 2020, compared to \$2.0m in Q1 2019 (200% growth).
- The Kahoot! Group customer base ARR (Annual Recurring Revenue) as of 31.03.2020 reached \$18m, corresponding to MRR (Monthly Recurring Revenue) of \$1.5m whereof \$1.4m from Kahoot! subscriptions and \$0.1m from DragonBox School.
- Recognized revenue for the Kahoot! Group was \$4.5m in Q1 2020, compared to \$1.2m in Q1 2019 (282% growth).
- EBITDA for the Kahoot! Group was -\$1.0m in Q1 2020, compared to -\$2.2m in Q1 2019.
- Cash flow from operations for Kahoot! Group was \$0.9m in Q1 2020 compared to -\$1.9m in Q1 2019. Cash and cash equivalents as of 31.03.2020 were NOK 357m (\$34m) and no interest-bearing debt.
- The Kahoot! Group reached 202K paying users in Q1 2020, whereof 184K from Kahoot! (compared to 153K end of Q4 2019) with 93K in the Business segment and 91K in the School segment. In addition, DragonBox School reached 18K paid seats for the 2019/2020 school year.
- The Kahoot! Group has taken several operational actions to address the COVID-19 situation with the new remote reality and to secure the well-being of its employees. Main actions include stringent cost focus, no business travel or physical meetings and reprioritizing of plans and roles where needed.

## Forward looking statement

- Invoiced revenue for the Kahoot! Group is expected to exceed \$8m in Q2 2020, representing 250% growth compared to Q2 2019, and 25% growth compared to Q1 2020.
- Cash flow from operations in Q2 2020 is expected to exceed \$2m, representing 25% cash conversion of invoiced revenues.
- For the full year 2020, the Kahoot! Group currently expects 100-150% invoiced revenue growth rate from proforma 2019 level. Invoiced proforma revenue for 2019 was \$15m.
- Positive cash flow from operations for the full year 2020.
- Growth in number of paid seats is expected to continue, and in April 2020 we added over 30K net new paid seats, increasing total paid seats per 30.04.20 to more than 230K. We expect a lower monthly run rate in the coming months partially due to seasonality.

Please note that due to fluctuating market conditions and extraordinary circumstances caused by Covid-19, it is in general more challenging to provide accurate guiding.

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

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**About Kahoot!** Kahoot! is on a mission to make learning awesome! We want to empower every child, student and employee to unlock their full learning potential. Our game-based learning platform makes it easy to create, share and play learning games driving compelling engagement. In addition, our family of apps takes math learning to a new level and empowers children to learn to read through play. Launched in 2013, Kahoot!'s vision is to build the leading learning platform in the world. Over the past 12 months, 218 million games were played on the Kahoot! platform with 1.3 billion participating players in 200 countries. The company is headquartered in Norway with offices in the US, the UK, France and Finland. Let's play!

## Kahoot! Group - Interim Consolidated Profit & Loss Statement

Figures presented in USD thousands

	Q1 2020	Q1 2019	Growth	2019
Invoiced revenue	6 459	2 008	222 %	13 041
Net change unrecognized revenue	-1 998	-839		-4 284
<b>Total recognized revenue</b>	<b>4 462</b>	<b>1 169</b>	<b>282 %</b>	<b>8 757</b>
Cost of goods sold	-471	-132		-970
Payroll & consulting	-3 393	-2 189		-10 086
Other operating expenses	-1 563	-1 020		-4 694
<b>Total operating expenses</b>	<b>-5 426</b>	<b>-3 341</b>	<b>62 %</b>	<b>-15 750</b>
<b>EBITDA</b>	<b>-965</b>	<b>-2 173</b>		<b>-6 993</b>
Depreciation tangible assets	-27	-14		-73
Depreciation intangible assets	-204	-225		-878
Amortization goodwill	-1 194	0		-1 716
<b>Total depreciation and amortization</b>	<b>-1 424</b>	<b>-238</b>		<b>-2 667</b>
<b>EBIT</b>	<b>-2 389</b>	<b>-2 411</b>		<b>-9 659</b>
Net financial items	335	-32		-42
<b>Profit before tax</b>	<b>-2 055</b>	<b>-2 443</b>		<b>-9 701</b>

## Kahoot! Group - Interim Consolidated Balance Sheet Statement

Figures presented in USD thousands

	31.03.2020	31.03.2019	31.12.2019
Capitalized R&D	2 069	4 500	2 640
Licenses & Domain	171	203	204
Goodwill	19 044	-	24 086
Deferred tax asset	2 866	1 798	3 431
<b>Total intangible fixed assets</b>	<b>24 150</b>	<b>6 501</b>	<b>30 360</b>
<b>Property and equipment</b>	<b>299</b>	<b>255</b>	<b>313</b>
<b>Financial fixed assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total fixed assets</b>	<b>24 450</b>	<b>6 756</b>	<b>30 674</b>
Inventory/deferred cost of goods sold	143	-	147
Accounts receivable	1 253	638	1 322
Prepaid expenses and other current assets	1 057	697	564
Cash and cash equivalents	33 972	26 463	40 851
<b>Total current assets</b>	<b>36 425</b>	<b>27 798</b>	<b>42 883</b>
<b>Total assets</b>	<b>60 875</b>	<b>34 553</b>	<b>73 557</b>
<b>Total equity</b>	<b>51 140</b>	<b>31 023</b>	<b>63 359</b>
Accounts payable	1 040	300	940
Public duties payable	289	31	1 767
Deferred revenues	7 559	2 481	6 718
Other current liabilities	848	719	773
<b>Total current liabilities</b>	<b>9 735</b>	<b>3 530</b>	<b>10 197</b>
<b>Total equity and liabilities</b>	<b>60 875</b>	<b>34 553</b>	<b>73 557</b>

## Kahoot! Group - Interim Consolidated Cash Flow Statement

### Kahoot! Group - Interim Consolidated Cash Flow Statement

Figures presented in USD thousands

	Q1 2020	Q1 2019	FY 2019
<b>Profit/(loss) before tax</b>	<b>-2 054</b>	<b>-2 443</b>	<b>-9 701</b>
Depreciation and amortization	1 424	239	2 667
Changes in accounts receivables	-165	-245	-937
Changes in accounts payables	281	124	762
Changes in public duties payable	-258	-251	340
Changes in deferred revenues	2 156	839	5 065
Changes in other current balance sheet items	-448	-150	-915
<b>Net cash flow from operating activities</b>	<b>937</b>	<b>-1 888</b>	<b>-2 719</b>
Capitalized R&D	-	-	-
Acquisition, net of cash acquired	-	-	-9 755
Purchase of tangible fixed assets	-68	-82	-247
<b>Net cash flow from investment activities</b>	<b>-68</b>	<b>-82</b>	<b>-10 002</b>
Proceeds from equity issue	-1 057	245	25 958
<b>Net cash flow from financing activities</b>	<b>-1 057</b>	<b>245</b>	<b>25 958</b>
Translation differences	-6 691	-145	-677
<b>Net change in cash and cash equivalents</b>	<b>-6 879</b>	<b>-1 869</b>	<b>12 559</b>
Cash and cash equivalents at beginning of period	40 851	28 292	28 292
<b>Cash and cash equivalents at end of period</b>	<b>33 972</b>	<b>26 423</b>	<b>40 851</b>
<b>Non-cash investing and financing transactions</b>			
Fair value of shares issued as acquisition consideration	-	-	14 647

Notes to the interim consolidated financial statements:

- The interim financial information has not been subject to audit or review.
- The interim condensed consolidated financial statements of the Kahoot! Group were prepared in accordance with NGAAP.
- The interim financial information is presented in USD, translated from NOK.
- Capitalized goodwill from the September 1, 2019 acquisitions of DragonBox and Poio are amortized linearly over 5 years.
- 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.

## Kahoot! Active Accounts Last Twelve Months per March 31, 2020

*Numbers in millions*

	LTM 31.03.2020		LTM 31.03.2020		LTM 31.03.2020	
	Kahoot! Accounts (Unique)	YoY Growth	Hosted Games	YoY Growth	Participants (non unique)	YoY Growth
<b>All Accounts (hosting)</b>	<b>16,8</b>	<b>25 %</b>	<b>217,6</b>	<b>19 %</b>	<b>1 304,8</b>	<b>23 %</b>
<b>By Territory (free and paid)</b>						
USA and Canada	8,6	23 %	110,3	12 %	742,0	15 %
Europe	5,1	26 %	64,5	27 %	344,5	37 %
Asia Pacific	1,6	26 %	22,0	25 %	125,6	25 %
Latin America and The Caribbean	0,9	50 %	12,7	44 %	58,5	50 %
Africa, The Middle East, and India	0,5	21 %	8,0	26 %	34,2	51 %
	<b>16,8</b>		<b>217,6</b>		<b>1 304,8</b>	
<b>By Segment (free and paid)</b>						
Teachers	6,0	24 %	79,0	11 %	877,2	17 %
Business*	0,3	-5 %	2,7	-2 %	18,8	-5 %
Students/Social	10,4	27 %	135,9	25 %	408,8	41 %
	<b>16,8</b>		<b>217,6</b>		<b>1 304,8</b>	

\*Kahoot! have during the last 12 months introduced different limitations on the free business accounts to prevent them from launching games with large audiences for free.

## Paid Accounts (Seats) Kahoot! and DragonBox School

*Numbers in thousands*

	YoY		31.03.2019	31.12.2018	31.03.2019	30.06.20219	30.09.2019	31.12.2019
	31.03.2020	Growth						
<b>Kahoot!</b>								
Teachers	91,2	178 %	32,8	15,2	32,8	40,8	57,5	74,4
Business	93,1	146 %	37,8	25,1	37,8	54,3	63,0	78,3
<b>Kahoot! total</b>	<b>184,4</b>	<b>161 %</b>	<b>70,6</b>	<b>40,3</b>	<b>70,6</b>	<b>95,1</b>	<b>120,6</b>	<b>152,7</b>
<b>DragonBox School</b>	<b>18,2</b>	<b>231 %</b>	<b>5,5</b>	<b>5,5</b>	<b>5,5</b>	<b>5,5</b>	<b>18,2</b>	<b>18,2</b>
<b>Kahoot! Group Total</b>	<b>202,5</b>	<b>166 %</b>	<b>76,1</b>	<b>45,8</b>	<b>76,1</b>	<b>100,6</b>	<b>138,7</b>	<b>170,9</b>

## Kahoot! AS shareholders per May 6, 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	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 MP PENSJON PK	2 328 306	1,8 %
11 VERDIPAPIRFONDET NORGE SELEKTIV	2 239 293	1,7 %
12 GLITRAFJORD AS	2 000 000	1,5 %
13 J.P. Morgan Bank Luxembourg S.A.	2 000 000	1,5 %
14 GAMIFICATION AS	1 866 600	1,4 %
15 Brown Brothers Harriman & Co.	1 775 200	1,4 %
16 NORDA ASA	1 451 386	1,1 %
17 SANDEN AS	1 424 000	1,1 %
18 J.P. Morgan Bank Luxembourg S.A.	1 380 000	1,1 %
19 VERDIPAPIRFONDET DNB NORDEN	1 305 183	1,0 %
20 PATRICK MARCHAL AS	1 103 480	0,9 %
Other	33 204 461	25,7 %
<b>Total outstanding shares</b>	<b>129 359 496</b>	<b>100,0 %</b>
Employee option pool	8 230 000	
<b>Total no. of shares (fully diluted)</b>	<b>137 589 496</b>	

Per May 6, 2020 Kahoot! AS had 3,257 shareholders. The shares are listed on Merkur Markets on Oslo Stock Exchange with ticker code KAHOOT-ME.