

Kahoot! AS

**Annual
Report
2019**

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Letter from the CEO



Key numbers in 2019

1.2B
participating players

110K
net new paid seats

5M+
active teachers on the platform

90-100%
net dollar retention

Dear shareholders,

2019 was a standout year of strong growth and expansion for Kahoot! with more than one billion participating players in over 200 countries we are truly contributing to making learning awesome – all over the world.

In addition to organically grow Kahoot! at high pace we simultaneously continue to build out the leading learning platform in the world, further strengthened through the acquisition of Poio and DragonBox. These additions to our portfolio have extended our offering of learning products aimed at both school and at home, through adding a stronger pedagogy and empowering millions of children to learn more effectively.

2019 saw Kahoot! defining an even clearer strategy and an ambitious roadmap towards our primary segments: at home, at school and at work. We achieved solid growth in the number of both free and paid users and strong YoY growth in billed revenues. And, for the first time we reached positive cash-flow in operations in the fourth quarter.

Kahoot! made significant strides in 2019 in positioning the company as a content provider and providing a platform for content publishers. A priority has been to develop

curriculum content for key subjects such as math, literacy and languages based on the DragonBox math curriculum and methodology, including the Poio class kit pilots. In addition, we have continued to strengthen our relationship with Disney throughout 2019.

Kahoot! helps businesses of all sizes around the world make complex topics more exciting, including onboarding of new employees and training for security, risk management and compliance.

Lecturers at higher education institutions are also reaping

Risk management is not the most fun topic and we used Kahoot! to make it more fun.

It worked! You could see the engagement was much higher than the normal level of engagement. There were between 150 to 175 people and we used Kahoot! on two big projector screens. We had a standing ovation from people trying to participate.

Krissy Preble, Marketing Manager, Hathaway Home Services

the benefits of Kahoot! in presenting academic content and lightening up heavy topics.

I had the great pleasure and privilege to join Kahoot! as CEO

Letter from the CEO Continued

We started using game-based learning to help students drill facts and remember things. Now with word cloud, we use it to expand into more nuanced discussions.

**Bailey Betik, graduate instructor
Emory University, Atlanta, GA**

in December 2019. Many features of this unique company added to my enthusiasm to take on this role. Kahoot! is a company with real momentum and with considerable ambitions for increased growth, and defined initiatives to get us there. The outstanding Kahoot! team has ensured we have a solid technical foundation enabling us to continuously add more value for all our users, to develop new solutions, including improved commercial editions. The technology is scalable and allows us to grow organically and inorganically in several directions at the same time. But most important to me is the strong team culture

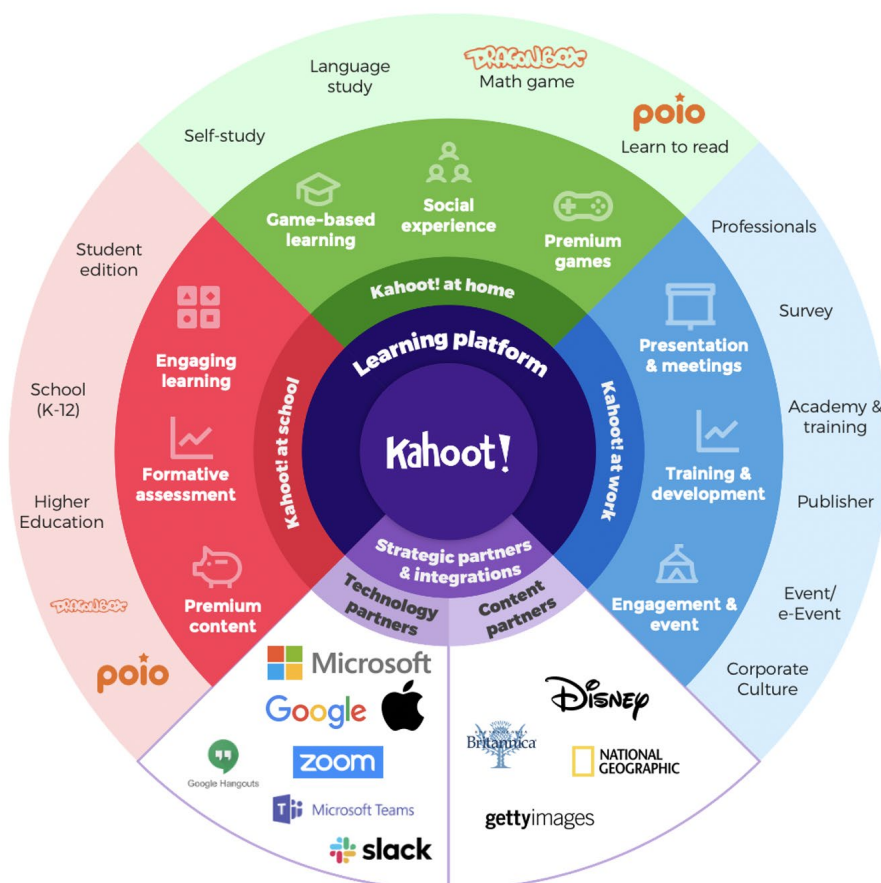
amongst our 110 colleagues. I am convinced that Kahoot! will continue to bring engagement, culture, training, and learning, not to mention fun, to people in different settings: from classroom lessons to workplace presentations. Our talented and hardworking team is focused on new features and initiatives to make things easier for all our customers. In the spring of 2020 we will launch improved integrations with essential tools for distributed learning, the ability to study with Kahoot!, both for self-study and group studying, as well as a full-featured offering with advanced features for businesses and enterprises, called Kahoot! 360. This June, we will hold our first ever global virtual event, Kahoot! EDU Summit, which will be a platform for educators to access and share learning resources, ideas, and inspiration for the next school year.

The unprecedented situation in the world following the pandemic of Covid-19 is challenging to everyone, businesses, schools, families, and children alike. My hope is that all the groundwork in 2019 in developing Kahoot! will be helpful in this situation in 2020, and possibly beyond. It brings out the true purpose of this unique company.

We will continue to invest in making learning awesome and we are excited to continue to work with all our users and customers to further improve our services.

Yours sincerely,

Eilert Hanoa
CEO



Board of Directors Report

Overview

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. In 2019, 210 million games were played on the Kahoot! platform with 1.2 billion participating players in 200 countries. The company is headquartered in Norway with offices in the US, the UK, France and Finland.

Review of the consolidated annual accounts

Kahoot!'s consolidated operating revenue for 2019 was NOK 77.1 million compared to NOK 15.8 million in 2018. Operating result (EBITDA) for 2019 was NOK -61.6 million compared to NOK -79.4 million in 2018.

Kahoot!'s consolidated assets were NOK 660.5 million at the end of 2019. Non-current assets were NOK 283.7 million whereof goodwill and intangible assets accounted for NOK 281.0 million. Current assets were NOK 376.8 million whereof cash and cash equivalents represented NOK 358.7 million. Current liabilities at the end of 2019 were NOK 89.8 million whereof deferred revenue represented NOK 59.0 million. Kahoot!'s total equity ratio at the end of 2019 was 86%.

Review of the parent company's annual accounts

Revenue for the parent company Kahoot! AS was NOK 69.8 million in 2019 compared to NOK 15.7 million for 2018. Operating result (EBITDA) for 2019 was NOK -57.0 million compared to NOK -62.1 million in 2018. Net income for the parent company Kahoot! AS was NOK -128.0 million for 2019. Total equity for the parent company following allocated loss for the year, was NOK 593.5 million at the end of 2019.

Going concern

The basis for a going concern exists and the annual accounts for 2019 have been prepared based on this assumption.

Market development

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. 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!

Social responsibility and working environment

Keeping our employees healthy and ensuring their well-being is important to Kahoot! Better health fosters lower sick leave and a joyful work environment, which again results in improved performance at work – supporting our high-performance culture. Relying on highly skilled and motivated employees to succeed, Kahoot! is constantly working to maintain an attractive and rewarding working environment. During 2019, the registered level of absence due to sickness in the parent company was 2.1 %. No accidents or injuries occurred during the year.

Impact on external environment

Kahoot!'s activities do not pollute or have any negative effect on the environment beyond what is considered normal for companies with international activities

Board of Directors Report

Continued

within the software industry. As a responsible business, we strive to address some of the challenges the world is facing to contribute to a more sustainable future.

Equal opportunities

At the end of 2019, the parent company Kahoot! AS had 71 employees, of which 34% were women. Women are represented in most of the company's departments and the ratio between men and women will continue to be monitored. Kahoot! has a policy that includes the principle of equal salary for equal work, implying that men and woman will have the same salary in the same position, all other factors being equal.

Discrimination

Kahoot!'s objective is to be a workplace with equal opportunities independent of ethnic origin, nationality, language, religion, outlook on life and operability. More than 30 nationalities are represented amongst the employees in the Kahoot! Group. Based on the current situation, the Board of Directors' opinion is that further actions to prevent discrimination in Kahoot! are not necessary.

Financial risks

Changes in foreign currency exchange rates will entail a certain financial risk for Kahoot! The Kahoot! Group presents its financial statements in NOK. The Kahoot! Group has costs in local currencies while a major part of the Group's revenue is in USD. Any fluctuations in exchange rates between NOK and SEK, USD, EUR, GBP could materially affect the Group's business, results of operations, cash flows, financial

condition and/or prospects. The Group does not have any currency hedging arrangements in place to limit the exposure to exchange rate fluctuations.

Governance

The Board of Directors is responsible for the management of the Kahoot! Group and for safeguarding the proper organization of its operations. The Board believes that sound corporate governance is vital to promote the greatest possible value creation over time in the best interests of Kahoot!'s shareholders, employees and other stakeholders. The Board is committed to maintaining a high standard of corporate governance across the Kahoot! Group, in line with Norwegian and international laws and generally accepted rules and practices.

Shareholders

Kahoot! AS has a total of 129.4m common shares and more than 3,300 shareholders. The shares are listed on Merkur Market on Oslo Stock Exchange with ticker code KAHOOT-ME

Outlook 2020

Kahoot!'s game-based learning platform makes it easy to create, share and play learning games driving compelling engagement. In 2019, 210 million games were played on the Kahoot! platform with 1.2 billion participating players with a strong growth in number of paying subscribers. Kahoot! is well positioned for continued growth.

Oslo · 20 May 2020

Sign

Harald Arnet
Chairman

Sign

Michiel Kotting
Board Member

Sign

Fredrik Cassel
Board Member

Sign

Sindre Østgård
Board Member

Sign

Eilert Hanoa
CEO

Consolidated financial statements

Consolidated financial statements Kahoot! AS

Profit and loss statement

All figures in NOK

PARENT COMPANY			GROUP		
2018	2019	NOTE	OPERATING REVENUE AND OPERATING EXPENSES	2019	2018
27,226,907	108,973,280	2	Invoiced revenue	114,810,345	27,290,271
-12,853,314	-39,186,556		Net change unrecognized revenue	-37,712,152	-12,853,314
1,350,000	0		Other operating revenue	0	1,350,000
15,723,593	69,786,725		Total operating revenue	77,098,193	15,786,957
1,265,789	6,887,382	3	Costs of goods sold	8,542,527	1,335,557
49,245,970	58,086,660	4	Payroll and related costs	74,275,390	60,032,299
27,322,129	61,810,103	5	Other operating expenses	55,840,496	33,823,866
77,833,888	126,784,144		Total operating expenses	138,658,413	95,191,722
-62,110,295	-56,997,420		Operating profit/(loss) before Depreciation (EBITDA)	-61,560,220	-79,404,765
120,203	605,956	7	Depreciation Tangible Assets	644,626	321,260
7,815,167	7,726,368	6	Depreciation Intangible Assets	7,726,368	7,815,167
0	0	6	Amortization of Goodwill	15,105,607	0
7,935,370	8,332,324		Total depreciation and amortization	23,476,601	8,136,427
-70,045,665	-65,329,744		Operating profit/(loss) (EBIT)	-85,036,821	-87,541,192
			FINANCIAL INCOME AND FINANCIAL EXPENSES		
889,442	2,971,646		Interest received	2,971,646	889,442
2,508,130	2,866,857		Other financial income	2,866,857	2,508,130
-5,908	0		Interest paid	0	-5,908
-3,173,204	-6,063,295		Other financial expenses	-6,207,257	-3,173,204
0	-60,694,476	8	Impairment shares subsidiaries	0	0
0	-20,704,947	8	Impairment receivables subsidiaries	0	0
218,460	-81,624,215		Financial items, net	-368,754	218,460
-69,827,205	-146,953,959		Profit/(loss) before taxation	-85,405,575	-87,322,732
-14,689,431	-18,976,731	14	Income tax	-14,385,596	-14,689,431
-55,137,774	-127,977,228		PROFIT/(LOSS) FOR THE FINANCIAL YEAR	-71,019,979	-72,633,301
			ALLOCATION OF NET PROFIT/(LOSS) AND EQUITY TRANSFERS		
55,137,774	127,977,228		Transferred from other equity		
55,137,774	127,977,228		Total allocations and equity transfers		

Consolidated financial statements Kahoot! AS Balance sheet at 31 December

All figures in NOK

PARENT COMPANY			GROUP		
2018	2019	NOTE	ASSETS	2019	2018
			Non-current assets		
			Intangible assets		
30,905,485	23,179,117	6	Research and development	23,179,117	30,905,485
1,744,402	1,744,402	6	Licences, trademarks and similar rights	1,792,271	1,744,402
30,123,632	49,100,363	14	Deferred tax assets	44,509,228	30,123,632
0	0	6	Goodwill	211,478,506	0
<u>62,773,519</u>	<u>74,023,882</u>		Total intangible assets	<u>280,959,122</u>	<u>62,773,519</u>
			Tangible fixed assets		
1,132,783	2,440,171	7	Fixtures and fittings	2,751,353	1,218,150
<u>1,132,783</u>	<u>2,440,171</u>		Total tangible fixed assets	<u>2,751,353</u>	<u>1,218,150</u>
			Financial non-current assets		
12	234,187,579	8	Investments in subsidiary companies	0	0
81,773,454	2,857,877	8	Loans to group companies	0	0
<u>81,773,466</u>	<u>237,045,456</u>		Total financial non-current assets	<u>0</u>	<u>0</u>
145,679,768	313,509,509		Total non-current assets	283,710,475	63,991,669
			Current assets		
0	0	9	Inventories	1,286,826	0
			Receivables		
3,287,956	10,009,845	10	Accounts receivable	11,606,424	3,287,956
5,169,777	4,443,566		Prepaid expenses and other current assets	5,181,911	5,333,381
<u>8,457,733</u>	<u>14,453,410</u>		Total receivables	<u>16,788,335</u>	<u>8,621,337</u>
239,585,432	346,280,194	11	Cash and cash equivalents	358,684,327	241,916,726
<u>248,043,165</u>	<u>360,733,604</u>		Total current assets	<u>376,759,488</u>	<u>250,538,063</u>
393,722,933	674,243,113		TOTAL ASSETS	660,469,963	314,529,732

Consolidated financial statements Kahoot! AS Balance sheet at 31 December

All figures in NOK

PARENT COMPANY			GROUP		
2018	2019	NOTE	SHAREHOLDERS EQUITY AND LIABILITIES	2019	2018
			Shareholders equity		
			Paid-in equity		
11 591 720	12 935 950	12,13	Share capital (129,359,496 shares at NOK 0.10)	12 935 950	11 591 720
464 305 006	813 237 074	12,13	Share premium	813 237 074	464 305 006
<u>475 896 726</u>	<u>826 173 024</u>		Total paid-in equity	<u>826 173 024</u>	<u>475 896 726</u>
			Retained earnings		
-104 672 889	-232 650 117	12,13	Other equity	-255 473 183	-184 014 796
<u>-104 672 889</u>	<u>-232 650 117</u>		Total retained earnings	<u>-255 473 183</u>	<u>-184 014 796</u>
<u>371 223 837</u>	<u>593 522 907</u>		Total shareholders equity	<u>570 699 841</u>	<u>291 881 930</u>
			Liabilities		
			Current liabilities		
1 461 871	7 555 387		Accounts payable	8 255 735	1 522 310
2 517 187	13 657 490		Public duties payable	15 055 378	3 130 918
14 130 765	53 317 321	2	Deferred revenue	58 982 516	14 130 765
4 389 273	6 190 008		Other current liabilities	7 476 493	3 863 809
<u>22 499 096</u>	<u>80 720 206</u>		Total current liabilities	<u>89 770 122</u>	<u>22 647 802</u>
<u>22 499 096</u>	<u>80 720 206</u>		Total liabilities	<u>89 770 122</u>	<u>22 647 802</u>
<u>393 722 933</u>	<u>674 243 113</u>		TOTAL SHAREHOLDERS EQUITY AND LIABILITIES	<u>660 469 963</u>	<u>314 529 732</u>

Oslo · 20 May 2020

Sign

Harald Arnet
Chairman

Sign

Michiel Kotting
Board Member

Sign

Fredrik Cassel
Board Member

Sign

Sindre Østgård
Board Member

Sign

Eilert Hanoa
CEO

Consolidated financial statements Kahoot! AS Cash flow statement

All figures in NOK

PARENT COMPANY			GROUP	
2018	2019		2019	2018
		CASH FLOW FROM OPERATIONS:		
-69 827 205	-146 953 959	Profit/(loss) before taxation	-85 405 575	-87 322 732
0	0	Taxes paid for the period	0	0
7 935 370	8 332 324	Depreciation and amortisation	23 476 601	8 136 427
0	60 694 476	Impairment shares subsidiaries	0	0
0	20 704 947	Impairment receivables subsidiaries	0	0
-2 571 706	-6 721 889	Change in trade receivables	-8 318 468	-2 571 706
-406 811	6 093 516	Change in trade payables	6 733 425	-874 550
499 121	1 110 775	Changes in public duties payable	1 894 932	661 185
-17 299 777	-2 483 845	Changes in inter-company balances	0	0
12 853 314	39 186 556	Changes in deferred revenue	44 851 751	12 853 314
128 806	2 526 946	Changes in other current assets and other liabilities	-6 919 218	183 016
-68 688 887	-17 510 153	Net cash flow from operations	-23 686 552	-68 935 046
		CASH FLOW FROM INVESTMENT ACTIVITIES:		
-1 252 986	-1 913 344	Purchases of fixed assets	-2 176 914	-1 093 310
0	-85 880 168	Cash payments acquisitions subsidiaries	-85 880 168	0
0	-17 000 000	Increase equity subsidiaries	0	0
-1 252 986	-104 793 512	Net cash flow from investment activities	-88 057 082	-1 093 310
		CASH FLOW FROM FINANCING ACTIVITIES:		
275 684 952	228 998 426	Net proceeds from equity issue	228 998 426	275 684 952
275 684 952	228 998 426	Net cash flow from financing activities	228 998 426	275 684 952
0	0	Translation differences	-487 191	-172 963
205 743 078	106 694 761	Net change in bank deposits, cash and equivalents	116 767 601	205 483 633
33 842 354	239 585 432	Bank deposits, cash and equivalents at 1 January	241 916 726	36 433 093
239 585 432	346 280 194	Bank deposits, cash and equivalents at 31 December	358 684 327	241 916 726
		Non-cash investing and financing transactions		
	131 307 400	Fair value of shares issued as acquisition consideration	131 307 400	

Notes

Note 1 Accounting Principles

In General

Kahoot! AS is a Norwegian company. The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The financial statement is presented in NOK.

Classification and Evaluation of Balance Sheet Items

Current assets as well as current liabilities include items which fall due for payment within one year after time of acquisition. The remaining items are classified as fixed assets / long-term debt. Current assets are evaluated to the lowest sum of acquisition cost and fair value. Fixed assets are evaluated to acquisition cost, and depreciated over the expected economic lifetime. In case of permanent impairment testing fixed assets are written down to recoverable amounts.

Goodwill

Goodwill is stated to the difference of historic cost at the time of acquisition of the company and actual value of identifiable assets and debt of the company. Amortization of goodwill is charged to the income statement using the straight-line method over estimated lifetime of 5 years. Goodwill will be further amortized in case the decrease of value is more than the amortization plan.

Tangible Assets

Tangible assets are stated at historical cost less depreciation and adjustments for impairment losses. Acquisition cost of fixed assets includes fees, taxes and other direct purchase expenses necessary to prepare the fixed asset for operation. Accrued expenses for spare parts of fixed assets are included in the balance value when these kinds of expenses are considered to represent future economical benefits in excess of the originally assessed functional standard of the asset, and

the expenses can be measured reliably. All other costs are expensed in the income statement as they occur.

Depreciations are charged to the income statement using the straight-line method over estimated utilized lifetime.

The remaining value of a fixed asset is evaluated annually unless the value is considered insignificant.

Intangible Assets

Intangible assets are stated at historical cost less depreciation and adjustments for impairment losses. Depreciations are charged to the income statement using the straight-line method over estimated utilized lifetime.

Subsidiaries

Subsidiaries are valued by the cost method. The investment is valued as cost of acquired shares in the subsidiary, providing that write down is not required. Write down to fair value will be carried out if the reduction in value is caused by circumstances which may not be regarded as incidental. Write downs are reversed when the cause of the initial write down are no longer present. Dividend and other distributions are recognized in the same year as accrued for in the subsidiary.

Accounts Receivables

Accounts receivables and other receivables are recognized at their anticipated realizable value, which is the original invoice amount less an estimated allowance for impairment loss on these receivables. Individual considerations are made with respect to customer receivables and other receivables.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank, inclusive of restricted holdings.

Foreign Currency

Foreign currency receivables and liabilities are converted using the year-end exchange rates. Foreign currency transactions are recorded at the exchange rate on the transaction date.

Revenue Recognition

Revenue from software licenses are recognized in the income statement based on the duration of the contract period.

Government Grants

Government grants are recognized when it is reasonably certain that contribution will be received by the Company and the conditions related to the contribution will be fulfilled.

Operational Leases

Leases for which most of the risk rests with the other contracting party, are classified as operating leases. Lease payments are classified as operating costs and charged to the income statement over the contract period.

Research and Development

Expenses relating to research and development are recognized in the income statement when they occur.

Pension Contributions

Commitments to contribute pension arrangements to employees are charged to the income statement when they occur.

Provisions

A provision is recognized when the Company has a present liability (legal or implicit) resulting from a past event and it is probable that a contribution of resources entailing economic payment will be required to settle the liability, and a reliable estimate of the amount of the liability can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. When the effect of time is insignificant, the provisions will be equal to the size of

the expense necessary to be free of the liability. When the effect of time is significant, the provisions will be the present value of future payments to cover the liability.

Income Tax Expense

The income tax expense consists of tax payable and changes to deferred tax. Income taxes are recognized in the income statement with exception of taxes from items recognized directly to equity.

Taxes payable amounts to expected payable tax from taxable profit for the year at applicable tax rates at the balance date, and adjustments (if any) of payable taxes from previous years. Provisions are made for deferred taxes based on the balance oriented liability method, considering temporary differences between the carrying amount and the tax base of assets and liabilities. Provisions for deferred taxes are based on expected settlements of balance values of assets and liabilities, and are calculated with the tax rates approved for future periods at the balance date.

Deferred tax assets are recognized when it is probable that the Company will have a sufficient profit for tax purposes to utilize the tax asset. Deferred tax assets are reduced if it is no longer likely that the asset may be utilized.

Cash Flow Report

Cash flow report is prepared according to the indirect method.

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts in the profit and loss statement, the measurement of assets and liabilities and the disclosure of contingent assets and liabilities on the balance sheet date. Actual results can differ from these estimates.

Note 2

Revenue

Over 90% of Kahoot's revenue is from prepaid annual software license contracts.

For informational purposes Kahoot! includes Invoiced revenue in the profit and loss statement and net change unrecognized revenue as separate lines in the statement. Revenue from software licenses are recognized in the income statement based on the duration of the contract period. For DragonBox School revenue recognition follows the academic school year. All deferred revenue in the balance sheet at 31 December 2019 will be recognized as operating revenue in 2020.

Poio and DragonBox were acquired effective September 1, 2019. The below table visualizes operating revenue and proforma revenue for the Kahoot! Group.

Parent company			Group	
2018	2019		2019	2018
15,723,593	69,786,725	Operating revenue	77,098,193	15,786,957
-	-	Proforma operating revenue	88,526,024	28,164,891

Note 3

Cost of goods sold

Includes credit card, transactions and app store fees.

For DragonBox School, COGS related to delivering the full math curriculum is deferred to match the associated revenue recognition.

Note 4
Payroll costs, number of employees, benefits, loans to employees etc.

Payroll costs

Parent company			Group	
2018	2019		2019	2018
39 106 372	46 104 292	Wages and salaries	60 454 746	48 784 104
5 655 376	6 739 478	Social security tax	8 385 974	6 393 903
782 528	886 357	Pension costs	1 036 012	877 240
3 701 694	4 356 533	Other personnel costs	4 398 658	3 977 052
49 245 970	58 086 660	Total	74 275 390	60 032 299
43	62	Average number of employees during the year	81	55

Directors' remuneration

	Salary	Pensions	Other benefits
CEO*	100 000	2 000	666
Board of Directors	-	-	-

*The company changed CEO 1st of December 2019. The table for above reflects one months of remuneration.

The CEO was granted 50,000 share options at strike price NOK 50 per share.

Former CEO received in 2019; Salary NOK 1,223,056, Pension NOK 21,693, Other benefits NOK 6,308,384. Included in other benefits is NOK 6,296,000 from exercise of vested employee options.

The company is required to have an occupational pension plan in accordance with Norwegian legislation on pensions ("lov om obligatorisk tjenestepensjon"). The company's pension plan meet the requirements of this legislation.

Auditor

Remuneration to Deloitte AS and their associates is as follows:

Parent company			Group	
2018	2019		2019	2018
32 000	49 000	Statutory audit	90 300	32 000
-	207 795	Other assurance services	230 295	-
35 200	12 000	Tax counselling	12 000	35 200

Note 5 Operating expenses

Specification of other operating expenses

Parent company		Other operating costs	Group	
2018	2019		2019	2018
6 248 081	13 190 771	Consulting	16 499 855	7 278 147
2 660 069	5 965 211	Office rent	7 247 409	4 579 224
14 990 879	22 025 378	IT and hosting services	22 586 291	15 379 841
3 423 100	5 025 550	Other operating expenses	9 506 941	6 586 653
-	15 603 193	Intercompany expenses	-	-
27 322 129	61 810 103	Total	55 840 496	33 823 866

Note 6 Intangible assets

Parent company

	R&D	Licences	Domain	Total
Acquisition cost at 1 January 2019	38,631,856	-	1,744,402	40,376,258
Additions	-	-	-	-
Disposals	-	-	-	-
Acquisition cost at 31 December 2019	38,631,856	-	1,744,402	40,376,258
Accumulated amortization 1 January 2019	7,726,371	-	-	7,726,371
Amortization 2019	7,726,368	-	-	7,726,368
Accumulated amortization 31 December 2019	15,452,739	-	-	15,452,739
Balance at December 31, 2019	23,179,117	-	1,744,402	24,923,519
Balance at December 31, 2018	30,905,485	-	1,744,402	32,649,887
Economic life	5 years	5 years		
Amortisation method	Linearly	Linearly	None	

R&D costs were in 2018 and 2019 expensed in the income statement as they occurred.

R&D costs for prior years for developing the Kahoot! platform were capitalized up til the launch of the commercial offering in 2017.

Group

	R&D	Licences	Domain	Goodwill Poio	Goodwill DragonBox	Total
Acquisition cost at 1 January 2019	38,631,856	-	1,744,402	-	-	40,376,258
Additions	-	47,869	-	58,437,739	168,146,375	226,631,982
Disposals	-	-	-	-	-	-
Acquisition cost at 31 December 2019	38,631,856	47,869	1,744,402	58,437,739	168,146,375	267,008,241
Accumulated amortization 1 January 2019	7,726,371	-	-	-	-	7,726,371
Amortization 2019	7,726,368	-	-	3,895,849	11,209,758	22,831,976
Accumulated amortization 31 December 2019	15,452,739	-	-	3,895,849	11,209,758	30,558,347
Balance at 31 December 2019	23,179,117	47,869	1,744,402	54,541,889	156,936,617	236,449,894
Balance at 31 December 2018	30,905,485	-	1,744,402	-	-	32,649,887
Economic life	5 years	5 years		5 years	5 years	
Amortisation method	Linearly	Linearly	None	Linearly	Linearly	

Note 7
Property, plant and equipment

Parent company	IT equipment	Fittings and fixtures	Total
Acquisition cost at 1 January 2019	632 808	620 178	1 252 986
Additions, purchased	622 423	1 290 921	1 913 344
Disposals	-	-	-
Acquisition cost at 31 Desember 2019	1 255 231	1 911 099	3 166 330
Accumulated depreciation 1 January 2019	102 255	17 948	120 203
Depreciation 2019	314 979	290 977	605 956
Accumulated depreciation 31 December 2019	417 234	308 925	726 159
Balance at 31 December 2019	837 997	1 602 174	2 440 171
Balance at 31 December 2018	530 553	602 230	1 132 783
Economic life	3 years	5 years	
Depreciation method	Linearly	Linearly	

Group	IT equipment	Fittings and fixtures	Total
Acquisition cost at 1 January 2019	1 428 888	742 684	2 171 572
Additions, purchased	622 423	1 509 019	2 131 442
Disposals	-	-	-
Acquisition cost at 31 Desember 2019	2 051 311	2 251 703	4 303 014
Accumulated depreciation 1 January 2019	889 087	17 948	907 035
Depreciation 2019	314 979	329 647	644 626
Accumulated depreciation 31 December 2019	1 204 066	347 595	1 551 661
Balance at 31 December 2019	847 246	1 904 107	2 751 353
Balance at 31 December 2018	539 168	678 981	1 218 150
Economic life	3 years	5 years	
Depreciation method	Linearly	Linearly	

Note 8 Investments in subsidiaries

In August 2019 Kahoot! acquired two companies; Poio and Dragonbox. The purchase price was a combination of cash (MNOK 86) and shares (MNOK 131). Both companies are fully consolidated in the group accounts as of 1 September 2019.

Company	Year of acquisition	Consolidated (yes/no)	Registered office	Voting share	Ownership share
Kahoot! EDU Ltd	2014	Yes	UK	100 %	100 %
Kahoot! EDU Inc	2015	Yes	US	100 %	100 %
Poio AS	Sep 1, 2019	Yes	Norway	100 %	100 %
Kahoot Dragonbox AS	Sep 1, 2019	Yes	Norway	100 %	100 %
Dragonbox Finland Oy	Sep 1, 2019	Yes	Finland	100 %	100 %
We Want to Know S.a.r.l.	Sep 1, 2019	Yes	France	100 %	100 %

Company	Equity Dec 31, 2019	Profit/loss 2019*
Kahoot! EDU Ltd	GBP 142K	GBP 14K
Kahoot! EDU Inc	USD -2 264K	USD 66K
Poio AS	NOK -2 097K	NOK -1 401K
Kahoot Dragonbox AS	NOK 4 756K	NOK -2 783K
Dragonbox Finland Oy	EUR -533K	EUR -134K
We Want to Know S.a.r.l.	EUR 490K	EUR -9K

*Profit and loss included from the date of acquisition for companies acquired during the year

Parent company loans with group companies	2018	2019
Kahoot! EDU Ltd	NOK 60 694K	NOK -142K
Kahoot! EDU Inc	NOK 21 079K	NOK 20 705K
Impairment of loan to Kahoot! EDU Inc		NOK -20 705K
Poio AS		NOK 3 000K
	NOK 81 773K	NOK 2 858K

In 2019, the intercompany loan to Kahoot! EDU Ltd was converted to equity, and the loan to Kahoot! EDU Inc was subject to an impairment reduction of NOK 20.7 MNOK.

Note 9 Inventories

Parent company		Group	
2018	2019	2019	2018
-	-	Deferred COGS	1 286 826
-	-	Total	1 286 826

Deferral of cost of goods sold for school sales to match expenses with associated revenues.

Note 10
Accounts receivables

Parent company			Group	
2018	2019		2019	2018
3 287 956	10 509 845	Accounts receivables	12 106 424	3 287 956
-	-500 000	Provisions for bad debt	-500 000	-
3 287 956	10 009 845	Total	11 606 424	3 287 956

Note 11
Cash and cash equivalents

Parent company			Group	
2018	2019		2019	2018
239 585 432	346 280 194	Cash and cash equivalents	358 684 327	241 916 726
-1 633 147	-13 230 169	Whereof restricted cash	-13 800 357	-1 633 147
237 952 285	333 050 025	Non restricted cash	344 883 970	240 283 579

Note 12 Share capital and shareholder information

The share capital in the company at 31 December 2019 consists of:

	Number	NOK Nominal amount	NOK Carrying value
Ordinary shares	129 359 496	0.10	12 935 949.60
Total	129 359 496		12 935 949.60

Ownership structure

Largest shareholders as of 31 December 2019:

	Shares	Ownership share	Voting share
<i>Datum Group</i>	17 376 955	13.4 %	13.4 %
<i>NORTHZONE VENTURES NORWAY AS</i>	15 577 760	12.0 %	12.0 %
<i>CREANDUM III LP</i>	11 044 420	8.5 %	8.5 %
<i>AS REAL-FORVALTNING</i>	9 390 740	7.3 %	7.3 %
<i>MICROSOFT GLOBAL FINANCE</i>	6 940 000	5.4 %	5.4 %
<i>KAM HOLDING AS</i>	4 779 020	3.7 %	3.7 %
<i>VERSVIK INVEST AS</i>	4 620 692	3.6 %	3.6 %
<i>Citigroup Global Markets Inc.</i>	4 500 000	3.5 %	3.5 %
<i>NEWBROTT AS</i>	3 052 000	2.4 %	2.4 %
<i>VERDIPAPIRFONDET NORGE SELEKTIV</i>	2 886 382	2.2 %	2.2 %
<i>NORDA ASA</i>	2 686 386	2.1 %	2.1 %
<i>MP PENSJON PK</i>	2 337 332	1.8 %	1.8 %
<i>VERDIPAPIRFONDET DNB NORGE</i>	2 251 282	1.7 %	1.7 %
<i>GLITRAFJORD AS</i>	2 000 000	1.5 %	1.5 %
<i>GAMIFICATION AS</i>	1 866 600	1.4 %	1.4 %
<i>SANDEN AS</i>	1 424 000	1.1 %	1.1 %
<i>EKHOLDT HUYNH AS</i>	1 333 140	1.0 %	1.0 %
<i>VERDIPAPIRFONDET DNB NORDEN</i>	1 305 183	1.0 %	1.0 %
<i>SKØIEN AS</i>	1 125 000	0.9 %	0.9 %
<i>PATRICK MARCHAL AS</i>	1 103 480	0.9 %	0.9 %
<i>Total remaining shareholders</i>	31 759 124	24.6 %	24.6 %
Total number of shares	129 359 496	100.0 %	100.0 %

Shares and options held by members of the board and the managing director/CEO:

Name	Title	Shares	Note
<i>Harald Armet</i>	Chairman of the board	17 376 955	1)
<i>Carl Jöran Fredrik Cassel</i>	Member of the board	11 044 420	2)
<i>Michiel David Kotting</i>	Member of the board	15 577 760	3)
<i>Sindre Svendsen Østgård</i>	Member of the board	20 000	4)
<i>Eilert Giertsen Hanoa</i>	CEO (01.12.2019 -)	11 390 740	5)
<i>Åsmund Furuseth</i>	CEO (01.01.2019 - 30.11.2019)	3 052 000	6) 7)

1) Armet serves as chairman representing Datum Group which holds 17,376,955 Shares

2) Cassel serves as a member of the Board of Directors as the representative of Creandum, which holds 11,044,420 shares

3) Kotting serves as a member of the Board of Directors as the representative of Northzone, which holds 15,577,760 shares

4) Østgård holds 20,000 Shares through Konsern AS. Which is wholly owned by Østgård.

5) Hanoa holds 11,390,740 Shares through AS Real-Forvaltning and Glitrafjord AS. Which is Wholly owned by Hanoa.

6) Furuseth holds 3,052,000 Shares through Newbrott AS. Which is Wholly owned by Furuseth.

7) Furuseth 200,000 options through the employee option program. The Options were granted 01.01.2017 with strike NOK 5.

Note 12

Share capital and shareholder information (continued)

The Kahoot employee option program

Kahoot have implemented a long-term share incentive scheme for employees of the Company and its subsidiaries

Rights to acquire shares in the Company (the "Options") are granted by the Company on an individual basis to selected recipients (each an "Option Holder"). Each Option gives the Option Holder the right, but not the obligation, to subscribe to or purchase (at the Company's choice) one ordinary share in the Company at a strike price defined in the individual share option agreement.

The Company has as of 31 December 2019 issued 6,134,875 share options, equal to 4.74% of the outstanding shares in the Company.

Oustading options as of 31 December 2019

Program	Grant year	Number of options	Strike price
The 2014 Scheme	2015	20 000	NOK 1.75
The 2014 Scheme	2016	10 000	NOK 3.00
The 2017 Scheme	2017	4 793 375	NOK 5.00
The 2017 Scheme	2018	547 000	NOK 5.00
The 2017 Scheme	2018	85 000	NOK 10.00
The 2017 Scheme	2018	65 000	NOK 20.00
The 2017 Scheme	2019	342 000	NOK 20.00
The 2017 Scheme	2019	185 000	NOK 25.00
The 2017 Scheme	2019	27 500	NOK 30.00
The 2017 Scheme	2019	10 000	NOK 40.00
The 2019 Scheme	2019	50 000	NOK 50.00
Total		6 134 875	

As of 31 December 2019 a total of 108 individuals are included in the option program.

Note 13
Equity

Parent company

Paid-in equity	Share capital	Share premium
Equity at 1 January 2019	11 591 720	464 305 006
<u>This year's change in equity:</u>		
Capital increase	1 344 230	348 932 068
Equity at 31 December 2019	12 935 950	813 237 074

Retained earnings	Other equity	Total retained earnings
Equity at 1 January 2019	-104 672 889	-104 672 889
<u>This year's change in equity:</u>		
Profit/(loss) of the year	-127 977 228	-127 977 228
Equity at 31 December 2019	-232 650 117	-232 650 117

Group

Equity at 1 January 2019	291 881 930
<u>This year's change in equity:</u>	
Capital increase/reduction	350 276 298
Profit/(loss) of the year	-71 019 979
Translation differences	-438 408
Equity at 31 December 2019	570 699 841

Note 14 Income tax expense

Parent company		Specification of income tax expense:	Group	
2018	2019		2019	2018
-	-	Current income tax payable	-	-
-16 058 687	-18 976 731	Changes in deferred tax	-14 385 596	-16 058 687
1 369 256	-	Effect of changes in tax rules	-	1 369 256
-14 689 431	-18 976 731	Tax on profit/(loss)	-14 385 596	-14 689 431

The income tax expense both for the Parent company and the Group is in full allocated to Norway.

Parent company		Specification of current income tax payable:	Group	
2018	2019		2019	2018
-	-	This year's payable income tax expense	-	-
-	-	Current income tax payable in the balance sheet	-	-

Parent company		Reconciliation from nominal to real income tax rate:	Group	
2018	2019		2019	2018
-69 827 205	-146 953 959	Profit/(loss) before taxation	-85 405 575	-87 322 732
-16 060 257	-32 329 871	Estimated income tax according to nominal tax rate (22%)	-18 789 227	-20 084 228
		<i>The tax effect of the following items:</i>		
		Other permanent differences related to investments (the exemption method, in accordance with Norwegian taxation act § 2-38)	-	-
-	13 352 785	Other non-deductible expenses	2 898	1 570
1 570	355	Other non-taxable income	-8 815	-
-	-	Change in valuation of acquired deferred tax benefit	3 183 649	-
-	-	Effect of changes in tax rules and rates	-	1 369 256
1 369 256	-	Other items	1 225 898	4 023 971
-	-	Income tax expense	-14 385 596	-14 689 431
-14 689 431	-18 976 731	Effective income tax rate	17 %	17 %
21 %	13 %			

Current income tax payable and deferred tax related to items recorded directly against equity:

Parent company

Specification of the tax effect of temporary differences and losses carried forward:

	2019		2018	
	Benefit	Liability	Benefit	Liability
Fixed assets	-	58 245	-	42 609
Receivables	4 591 136	-	-	-
Losses carried forward	44 567 472	-	30 166 240	-
Total	49 158 608	58 245	30 166 240	42 609
Off-balance sheet deferred tax benefits	-	-	-	-
Net deferred benefit/liability in the balance sheet	49 100 363		30 123 632	

The deferred tax benefit is included in the balance sheet on the basis of future income.

Group

Specification of the tax effect of temporary differences and losses carried forward:

	2019		2018	
	Benefit	Liability	Benefit	Liability
Fixed assets	-	58 245	-	42 609
Losses carried forward	59 038 606	-	30 166 240	-
Total	59 038 606	58 245	30 166 240	42 609
Off-balance sheet deferred tax benefits*	14 471 134	-	-	-
Net deferred benefit/liability in the balance sheet	44 509 227		30 123 632	

The deferred tax benefit of Kahoot! AS is included in the balance sheet on the basis of future income.

*The deferred tax benefit for the subsidiaries are not included in the balance sheet.

Note 15
Currency exchange rates

The consolidated accounts are based on the following currency exchange rates:

NOK exchange rates	Average exchange rates		December 31	
	2019	2018	2019	2018
USD	8.80	8.13	8.78	8.60
GBP	11.23	10.85	11.59	10.91
EUR	9.85	9.60	9.86	9.95

To the General Meeting of Kahoot! AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kahoot! AS showing a loss of NOK 127 977 228 in the financial statements of the parent company and loss of NOK 71 019 979 in the financial statements of the group. The financial statements comprise:

- The financial statements of the parent company Kahoot! AS (the Company), which comprise the balance sheet as at 31 December 2019, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Kahoot! AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2019, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements*Opinion on the Board of Directors' report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (*ISAE*) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Trondheim, 22 May 2020
Deloitte AS

**Morten Alsos**

State Authorised Public Accountant (Norway)

Kahoot!

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