

Kahoot! AS



Quarterly Report
Q2 - 2020

Kahoot!

Kahoot! AS – Quarterly Report – Q2 2020

OSLO, August 20, 2020 – Kahoot! AS, (KAHOOT-ME) today announced financial results for its fiscal quarter ended June 30, 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 more than one billion participating players in 200 countries in the last twelve months.

Q2 2020 was another strong quarter and reflects focused execution by the team in the Kahoot! Group. The Kahoot! Group grew invoiced revenue in Q2 2020 to \$9.6m, a 317% increase from reported invoiced revenue in Q2 2019. The quarter over quarter invoiced revenue growth was 49% in Q2 2020 (vs. Q1 2020). The Kahoot! Group had in Q2 2020 the third consecutive quarter with positive cash flow from operations. The Kahoot! Group reached more than 270K paid subscriptions in Q2 2020.

An update from the CEO of Kahoot!, Eilert Hanoa: Second Quarter 2020

2020 has been an extraordinary year for Kahoot! as we have developed and launched several key initiatives helping users from all segments to make learning more awesome and as we continue to build one of the leading learning platforms in the world. We also added a record number of users and paid subscribers for our offerings in 2020 and we are thrilled to have secured additional capital to help fuel the next phase of Kahoot!'s growth, allowing us to further invest in product innovation, as well as consider new strategic partnerships and acquisitions to further strengthen our platform.

In June this year, we also had our first-ever **Kahoot! EDU Summit**, an all-day virtual professional development event for teachers and educators globally, with sessions from the Kahoot! team, our partners, ambassadors, and change-makers within education. More than 35,000 educators from all over the world, spanning K-12 and higher education, signed up for the EDU Summit making it one of the largest gatherings for teachers this year.

At our Annual General Meeting in June, I shared some of our recent and upcoming initiatives that will make Kahoot! an even larger player in the global learning industry.

Kahoot! Academy: a knowledge portal, content platform and marketplace, connecting the global educator community to high-quality content. It will give every student access to high-quality learning resources at school and at home. Kahoot! Academy will serve as a global content network that will connect educators, learners, and brands, providing them with premium, verified content on any topic and in any language. It will also be a marketplace for educators and brands to reach the global community of over 6 million teachers already on the Kahoot! platform becoming a “one-stop shop” of resources for any educator.

Kahoot! EDU: an enhanced, premium Kahoot! experience for entire schools, districts, and higher education institutions. Kahoot! EDU is a robust, structured, and scalable way of offering Kahoot to educational institutions to engage students, empower teachers, provide IT admins greater control, and elevate school leaders with tools to foster a positive learning environment.

For the new school year, we will also be launching **Kahoot! Family:** a combo pack offering families a set of tools and apps to learn at home. This pack will include subscription to the premium version of the Kahoot! app as well as our other learning apps, covering math and reading and chess.

For brands and publishers, Kahoot! will be launching a new tailor-made offering later this year, to help them distribute their high-quality content and reach more relevant audiences through the power and reach of the Kahoot! platform.

For organizations, Kahoot! launched **Kahoot! 360**, the next generation solution for corporate learning which involves everyone within an organization in engaging learning experiences, whether it's audience engagement, team collaboration or building company culture. This is a valuable offering for companies of all sizes who are using Kahoot! in more than 150 countries.

Our team has a sharp focus launching our new initiatives for schools, teachers, and families to help them prepare for a very unique Back to School 2020 season. We will also focus on delivering the newest offerings to our users in organizations globally as they prepare what will be the "new normal" for the future of work.

Last but not least, we are preparing and planning diligently for our upcoming IPO on the Oslo Stock Exchange in Q1 2021.

Highlights Q2 2020

- The user growth on the Kahoot! platform continued with more than 20 million active accounts in the last twelve months (44% YoY growth). Number of hosted games last twelve months was 210m (7% YoY growth) with 1.25bn participants (12% YoY growth).
- Kahoot! launched several new features and editions for all three main segments (at Work, at School and Home & Study), contributing to the growth of both free and paid users in the quarter.
- Strong growth in paid subscriptions for the Kahoot! Group, reaching more than 270K in Q2 2020, an increase of 68K paid subscriptions from Q1 2020. The year on year growth in paid subscriptions was 170% per Q2 2020 vs. Q2 2019. Per Q2 2020 the Kahoot! Group had approx. 100K subscriptions in the Work category, 125K subscriptions in the School category and 45K subscriptions in the Home & Study category (including DragonBox curriculum).
- Invoiced revenue for the Kahoot! Group for Q2 2020 was \$9.6 million, compared to \$2.3m in Q2 2019 as reported, representing 317% year on year growth. The quarter over quarter invoiced revenue growth was 49% in Q2 2020 (vs. Q1 2020).
- Invoiced revenue for the first half year 2020 for the Kahoot! Group was \$16.1 million, compared to \$4.3 million as reported for the corresponding period 2019, representing 273% year on year growth.
- The Kahoot! Group customer base MRR (Monthly Recurring Revenue) as of June 30, 2020 reached \$2.1m corresponding to ARR (Annual Recurring Revenue) of \$25m.
- Recognized revenue for the Kahoot! Group was \$5.8m in Q2 2020 compared to \$1.4m in Q2 2019, representing 315% year on year growth.
- Recognized revenue for the first half year 2020 for the Kahoot! Group was \$10.3m compared to \$2.6 million as reported for the corresponding period 2019, representing 300% year on year growth.
- EBITDA for Q2 2020 was -\$1.25m compared to -\$2.0m for Q2 2019. Q2 2020 includes \$1.3m in social security cost for exercised share options in the quarter.

- For the first half year 2020 EBITDA was -\$2.2m (including \$1.3m in social security cost for exercised share options) compared to -\$4.2 million as reported for the corresponding period 2019.
- The Kahoot! Group had positive cash flow from operations of \$3.8m in Q2 2020, compared to -\$1.5m in Q2 2019. For the first half year 2020, cash flow from operations was \$4.8m compared to -\$3.3m for the corresponding period 2019.
- Cash and cash equivalents per the end of Q2 2020 were \$73.4m whereof approx. \$7.4m is payable in Q3 for employee withholding taxes, social security cost and transaction cost related to the new share issue and share option exercise in the quarter. The net cash position following these payments are \$66m including the net proceeds from new share issues of \$25m. The company has no interest-bearing debt.

Forward looking statement

- Invoiced revenue for the Kahoot! Group for Q3 2020 is expected on the same level as for Q2 2020, representing approx. 180% growth compared to \$3.4m as reported for Q3 2019.
- The Kahoot! Group expects invoiced revenue for the full year 2020 in the range of \$35m-\$38m. Invoiced revenue for 2019 was \$13m as reported, and proforma invoiced revenue including acquired units for 2019 was \$15m.
- Continued positive cash flow from operations in the second half of 2020.
- Number of active accounts for the FY 2020 are expected to exceed 21m.
- Paid subscriptions are expected to exceed 340K by the end of 2020.

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, over 200 million games were played on the Kahoot! platform with more than one 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!

Interim consolidated statement of profit and loss

Figures presented in USD thousands

	Q2 2020	Q2 2019	Growth	H1 2020	H1 2019	Growth	FY 2019
Invoiced revenue	9 615	2 303	317 %	16 074	4 311	273 %	13 041
Net change unrecognized revenue	-3 811	-905		-5 809	-1 744		-4 284
Total recognized revenue	5 804	1 398	315 %	10 266	2 567	300 %	8 757
Cost of goods sold	-720	-156		-1 191	-288		-970
Payroll & consulting ¹⁾	-4 423	-1 975		-7 815	-4 164		-10 086
Other operating expenses	-1 913	-1 246		-3 475	-2 267		-4 694
Total operating expenses	-7 055	-3 377	109 %	-12 482	-6 718	86 %	-15 750
EBITDA	-1 251	-1 979		-2 216	-4 151		-6 993
Depreciation tangible assets	-27	-16		-54	-29		-73
Depreciation intangible assets	-192	-223		-396	-448		-878
Amortization goodwill	-1 129	-		-2 323	-		-1 716
Total depreciation and amortization	-1 349	-239		-2 773	-478		-2 667
EBIT	-2 600	-2 218		-4 989	-4 629		-9 659
Net financial items	-502	97		-167	65		-42
Profit before tax	-3 102	-2 121		-5 157	-4 564		-9 701

¹⁾ Q2 2020 includes \$1.3m in social security cost related to exercised share options in the quarter.

Interim consolidated balance sheet statement

Figures presented in USD thousands

	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
Capitalized R&D	1 982	3 134	2 640
Licenses & domain	184	202	204
Goodwill	19 377	-	24 086
Deferred tax asset	4 568	3 491	5 069
Total intangible fixed assets	26 111	6 827	31 999
Property and equipment	319	221	313
Financial fixed assets	-	-	-
Total fixed assets	26 430	7 047	32 312
Inventory/deferred cost of goods sold	101	-	147
Accounts receivable	610	827	1 322
Prepaid expenses and other current assets	1 155	1 066	590
Cash and cash equivalents	73 350	24 701	40 851
Total current assets	75 217	26 593	42 910
Total assets	101 647	33 641	75 222
Total equity	80 987	29 493	64 998
Accounts payable	771	325	940
Public duties payable	7 204	236	1 715
Deferred revenue	12 011	3 327	6 718
Other current liabilities	674	259	852
Total current liabilities	20 660	4 148	10 224
Total equity and liabilities	101 647	33 641	75 222

Interim consolidated cash flow statement

Figures presented in USD thousands

	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
Profit/(loss) before tax	-3 103	-2 121	-5 157	-4 564	-9 701
Depreciation and amortization	1 349	239	2 773	478	2 667
Changes in accounts receivables	746	-201	580	-446	-937
Changes in accounts payables	-357	143	-76	267	762
Changes in public duties payable	1 413	203	1 155	-49	340
Changes in deferred revenues	3 797	854	5 953	1 693	5 065
Changes in other current balance sheet items	1	-568	-446	-718	-915
Net cash flow from operating activities	3 847	-1 451	4 783	-3 339	-2 719
Capitalized R&D	-	-	-	-	-
Acquisition, net of cash acquired	-	-116	-	-116	-9 755
Purchase of tangible fixed assets	-23	-28	-91	-109	-247
Net cash flow from investment activities	-23	-144	-91	-225	-10 002
Proceeds from equity issue	32 807	-	31 751	245	25 958
Net cash flow from financing activities	32 807	-	31 751	245	25 958
Translation differences	2 747	-127	-3 944	-272	-677
Net change in cash and cash equivalents	39 379	-1 722	32 499	-3 591	12 559
Cash and cash equivalents at begin. of period	33 972	26 423	40 851	28 292	28 292
Cash and cash equivalents at end of period	73 350	24 701	73 350	24 701	40 851

Notes to the interim consolidated financial statements:

Note 1 – General

Kahoot! AS is a Norwegian company and the parent company in the Kahoot! Group. The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The interim financial statements are presented in USD translated from NOK.

Note 2 – Basis of preparation

The consolidated condensed interim financial statements comprise the financial statements of the parent company and its subsidiaries as of 30 June 2020, authorized for issue by the board of directors on August 19, 2020. The condensed interim financial statements are unaudited. This quarterly report does not include the complete set of accounting principles and disclosures and should hence be read in conjunction with the Annual Financial Statement for 2019. All accounting principles applied in preparing this interim financial statement are consistent with the annual report as of 2019.

Note 3 – Revenue and segment information

The Kahoot! Group has one segment: sales of software to make learning awesome. The market for Kahoot!'s software is global. The chief decision maker will therefore follow up revenue and profitability on a global basis. This is consistent with the internal reporting submitted to the chief operating decision maker responsible for allocating resources and assessing performance as well as making strategic decisions.

Note 4 – 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.

Note 5 – 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. 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.

Active Kahoot! accounts last twelve months per June 30, 2020

Numbers in millions	Active accounts ²⁾ (Unique)	YoY Growth	Hosted games	YoY Growth	Participants (Non-unique)	YoY Growth
Total	20,3	44 %	210,2	7 %	1 245,1	12 %
By Territory (free and paid)						
USA and Canada	9,5	32 %	97,8	-7 %	655,4	-1 %
Europe	6,5	50 %	64,3	15 %	346,8	29 %
Asia Pacific	2,1	50 %	23,3	23 %	128,1	21 %
Latin America and The Caribbean	1,4	88 %	14,7	45 %	72,6	62 %
Africa, The Middle East, and India	0,8	86 %	10,0	48 %	42,2	76 %
Total	20,3		210,2		1 245,1	
By Category (free and paid)						
School	6,4	26 %	68,7	-8 %	811,9	5 %
Work	0,4	11 %	2,7	-3 %	20,5	6 %
Home & Study	13,5	55 %	138,8	16 %	412,7	31 %
Total	20,3		210,2		1 245,1	

²⁾ Active accounts LTM is defined as unique user accounts hosting a game with one participant or more the last twelve months.

Quarterly development of paid subscriptions

Numbers in thousands	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
School	15	33	41	58	74	91	125
Work	25	38	54	63	72	83	100
Home & Study	5	5	5	18	24	28	45
Total	46	76	101	139	171	203	270
Net new paid subscriptions ³⁾		30	25	38	32	32	68

³⁾ Paid subscriptions are defined as total number of users on paid subscription per the end of the period.

Kahoot! AS shareholders

Per August 19, 2020 Kahoot! AS had more than 6,000 shareholders. The shares are listed on Merkur Market on Oslo Stock Exchange with ticker code KAHOOT-ME.

	Shareholders per August 19, 2020	Shares	%
1	Datum Group	52 130 865	13,0 %
2	Nothzone Ventures Norway AS	48 033 280	12,0 %
3	AS Real-Forvaltning	30 208 910	7,6 %
4	Creandum III LP	27 133 260	6,8 %
5	Microsoft Global Finance	20 820 000	5,2 %
6	Citigroup Global Markets Inc.	13 500 000	3,4 %
7	Versvik Invest AS	12 962 076	3,2 %
8	Newbrott AS	8 256 000	2,1 %
9	KAM Holding AS	5 627 835	1,4 %
10	J.P. Morgan Bank Luxembourg S.A.	7 500 000	1,9 %
11	MP Pensjon PK	6 943 949	1,7 %
12	Glitrafjord AS	6 000 000	1,5 %
13	Gamification AS	5 542 777	1,4 %
14	J.P. Morgan Bank Luxembourg S.A.	5 200 000	1,3 %
15	Verdipapirfondet Norge Selektiv	4 468 256	1,1 %
16	Sanden AS	4 340 000	1,1 %
17	Morgan Stanley & Co. LLC	5 220 264	1,3 %
18	Brown Brothers Harriman & Co.	3 329 736	0,8 %
19	Verdipapirfondet DNB Norden	4 385 843	1,1 %
20	Patrick Marchal AS	3 310 440	0,8 %
	Other	124 576 772	31,2 %
	Total outstanding shares	399 490 263	100,0 %
	Outstanding share options	17 155 725	
	Total no. of shares (fully diluted)	416 645 988	

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