Kahoot!

2020

Kahoot! Group

Annual Report

2020 Kahoot! Group Annual Report

Index

Our mission

To make learning awesome

Our vision

To build the leading learning platform in the world

Our values

We are playful

We are curious

We are inclusive

About Kahoot!

Kahoot! is a global learning platform company that aims to empower everyone, including children, students, and employees, to unlock their full learning potential.

Unleashing this potential within every learner is what drives us, which is why we are on a mission to make learning awesome. We do this by offering an ever-expanding range of experiences that create impactful learning and engagement, across educational, corporate and social contexts.

Our learning platform makes it easy for any individual or corporation to discover, create, share, and play learning games that drive compelling engagement. In addition, the Kahoot! family of apps takes math learning to a new level and empowers children to learn to read through play. Our Drops apps, for learners of all ages, make language learning natural with immersive visuals and play. Through Actimo, Kahoot!'s employee engagement platform, organizations can easily connect and engage with their work teams.

Kahoot! offers free and paid plans as well as a massive library of ready-to-use content, designed for use in the classroom, at work—whether in-person or virtual— or at home for social use or self-study. Today, Kahoot! is used by 7 million teachers globally, hundreds of millions of students and families, and 97% of Fortune 500 companies.

In the last 12 months, more than 250 million games have been played on the Kahoot! platform with 1.5 billion participating players in 200 countries. Kahoot! currently serves over half a million paying users from its headquarters in Norway and offices in the US, the UK, France, Finland, Estonia, Denmark and Spain. Let's play!

Our global team

Kahoot! has offices in the following countries:

- Norway
- Denmark
- Estonia
- Finland
- France
- Spain
- United Kingdom
- United States

200+
K!rew members

8+
countries

30+
nationalities

Our companies

The Kahoot! Group consists of the following companies:

The **Kahoot!** brand represents the original Kahoot! learning platform that is synonymous with learning and engagement, no matter the subject, age, audience or context.

Organizations can connect and engage their work teams with **Actimo**, our employee engagement platform. .

Learners of all ages can make language learning natural with immersive visuals and play through our **Drops** apps.

The **Kahoot! DragonBox** series of apps takes math learning to a new level, while the **Kahoot! Poio Read** app empowers children to learn to read through play.

The Kahoot! journey

2013-17

Launched September 2013

Growth focus on US and K-12

Top 3 tool in US education

50+ K!rew members

2018

Launched first commerical editions with 40K paid subscriptions

Launched mobile apps for iOS and Android

75+ K!rew members

2019

New commercial subscription editions for all segments

Reaching 170K paid subscriptions

Acquisition of **Poio** and **DragonBox**

120+ K!rew members

2020

More commercial offerings, with 550K+ paid subscriptions

Launched first platform service

Acquisition of **Actimo** enterprise learning and **Drops** language learning app

200+ K!rew members

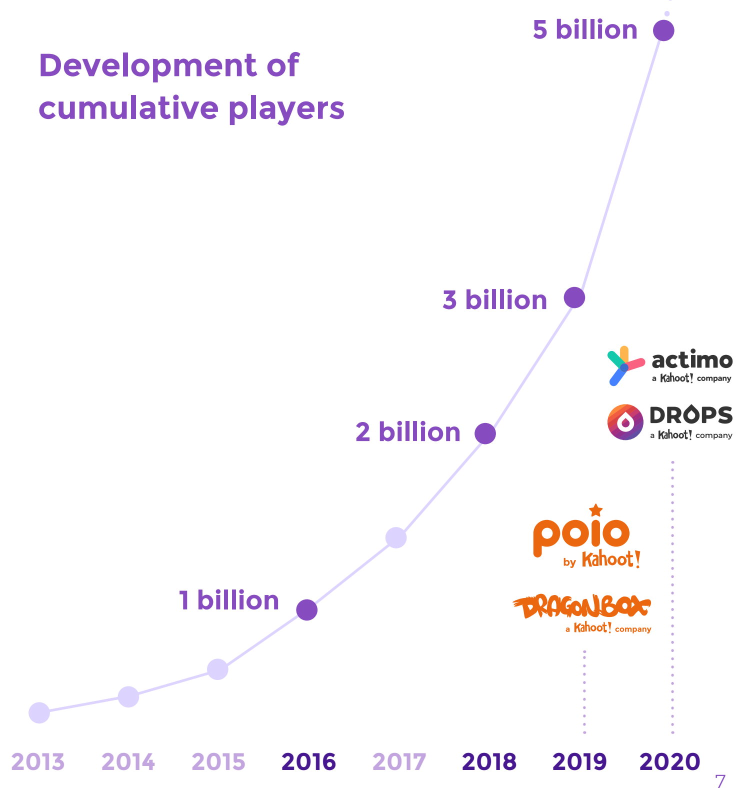
Kahoot! was founded in 2012 by, when Morten Versvik, Johan Brand, and Jamie Brooker who, in a joint project with the Norwegian University of Science and Technology (NTNU), teamed up with Professor Alf Inge Wang and were later joined by entrepreneur Åsmund Furuseth.

Using technology based on Kahoot! co-founder Morten Versvik's research for his Master's thesis at NTNU, the Kahoot! beta was rolled out at SXSWedu in March 2013 and officially launched in September 2013, which marked the arrival of a new way to ensure attention, create engagement and provide knowledge in classrooms. Through 2018, Kahoot! was on a fast growth trajectory with a focus on the U.S. K-12 education market.

In 2018, we launched our first commercial versions of Kahoot! for school and corporate audiences, as well as mobile apps for iOS and Android. The following year, we expanded our family of apps with the acquisition of DragonBox and Poio. Kahoot! became the go-to digital learning platform trusted by educators, professionals and families to bring engagement to learning, whether in-person or remotely. In October 2019, Kahoot! was publicly listed on Euronext Growth on the Oslo Stock Exchange. For Kahoot!, 2020 was a year that accelerated already strong growth and momentum for the company, as the shift to virtual learning due to COVID-19 sparked a surge in global demand for high quality digital learning tools and content.The company quickly pivoted to meet those needs, adding new features and launching new offerings, and acquiring Actimo and Drops.

In 2020, Kahoot! secured significant new funding and raised $240 million from SoftBank along with Norwegian and international investors, allowing us to grow our offerings as well as our global team.

Development of cumulative players



Letter from the CEO

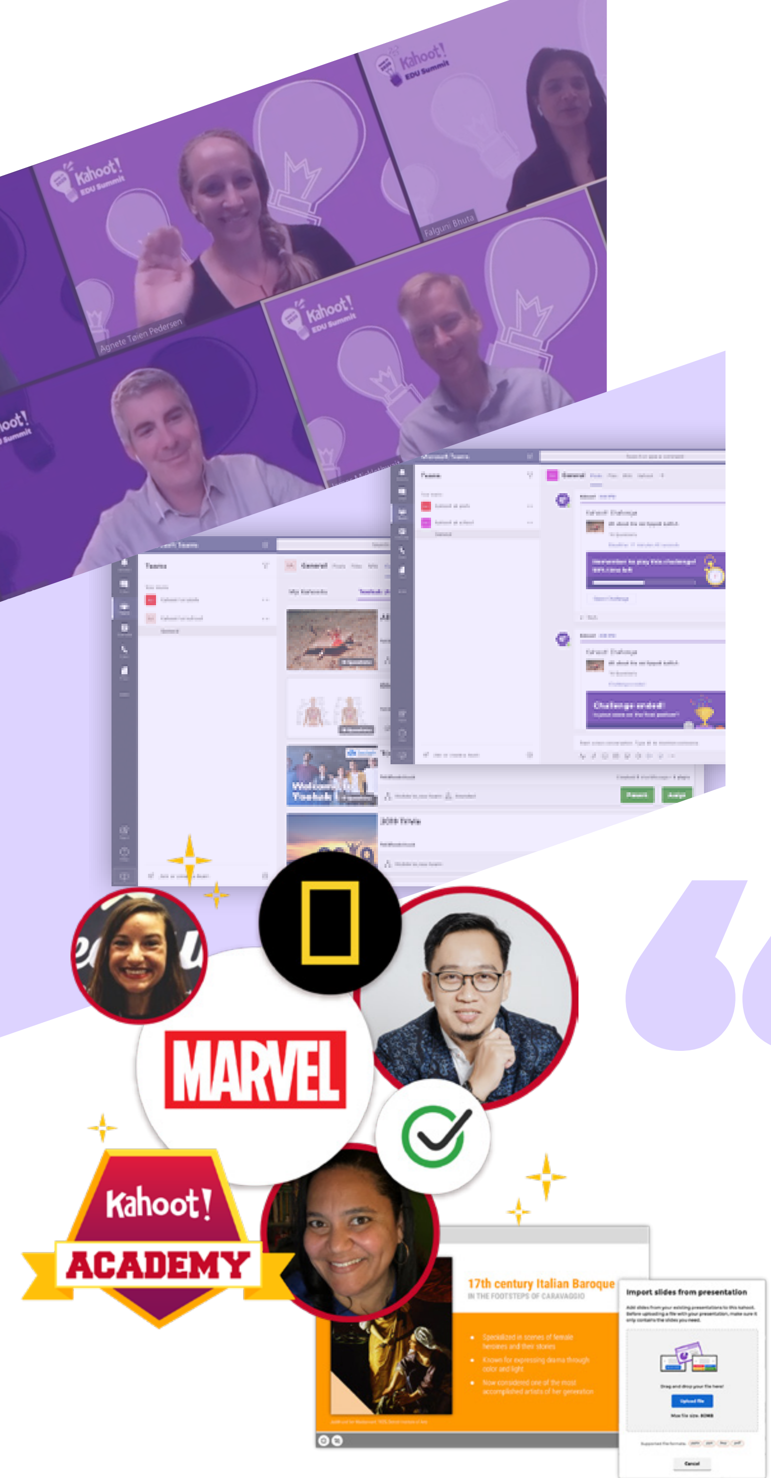
Dear Shareholders,

2020 proved to be a pivotal year for Kahoot!. As the focus turned towards fighting a global pandemic, the world embraced new ways of learning, working and socializing, almost overnight. We witnessed the rapid **acceleration of digitalization** across all aspects of life, and at Kahoot!, we were prepared for the changes. As a company, we were well-positioned to support educators, students, parents, professionals and social groups as they navigated a new and virtual means of engaging, entertaining and learning. It became more important than ever in 2020 for us to fulfill our mission of making learning awesome for everyone, whether physically together or at a safe social distance.

Kahoot! experienced massive adoption globally throughout 2020, as it **became an essential toolkit** to stimulate engagement at school, work and home, during the pandemic and beyond. We achieved a major milestone for Kahoot!, reaching **5 billion participating players** since launch, a number that's been steadily growing over our seven-year history. This was a proud moment for all of us at Kahoot!, and a truly awesome way to end the year.

From start to finish, 2020 was a year of exciting initiatives and strong growth for Kahoot!. Our solid organic growth fueled our ambitions to build the **world's leading learning platform**, and we further strengthened this position by acquiring two companies, employee engagement platform **Actimo** and language learning platform **Drops**. With these two powerful companies now in the Kahoot! family, we have been able to bolster our learning offerings for corporate learners and those learning at home, in addition to introducing new functionality that enables millions of users to learn more effectively.

Over the course of the year, the Kahoot! team continued to define and execute on our strategy and ambitious roadmap targeting our primary segments: at school, at home and at work. We continued to build our globally recognized brand with a **viral distribution model** - based on a **scalable technology platform**. →



Key milestones in 2020

In February 200, as schools around the world shifted to distance learning, Kahoot! was one of the first companies to respond and offer **free access to Kahoot! Premium to all educators and schools affected by the pandemic**. This offer garnered more than 100,000 signups per day at the outset of the pandemic. Shortly after, we launched a series of free learning webinars for our educator users, providing them with the support they needed to quickly adapt to new technologies. By May 2020, remote use of Kahoot! had increased 5X since the beginning of the pandemic.

Throughout the year, we continued to add new features and functionalities, for both free and paying users, to improve their experience and better support their learning, whether in-person or virtual. This included **interactive presentations** for professionals and educators, **study leagues** for students, **brainstorm** sessions for professionals and the launch of **our mobile app in five global languages**.

> **When you can't meet your students in person, Kahoot! is particularly helpful to motivate them to study, give them the right share of autonomy, and involve them by leading the class.**
>
> **Goh Kok Ming**
> Math Teacher in Malaysia

In May 2020, when remote work had become the predominant 'new normal' in the corporate world, we launched **our powerful integration with the leading collaboration and communications tool, Microsoft Teams**. With this integration, users were able to launch kahoots without ever leaving the Teams application, as well as conveniently assign self-paced challenges to groups within Teams.

In early June 2020, we hosted our first-ever virtual event, the **Kahoot! EDU Summit**. This event connected over 35,000 educators globally, bringing them insightful presentations and thought-provoking discussions about the future of education through 14 sessions across 3 parallel tracks. Later in the year, we revamped **Kahoot! Certified**. This free training program for educators is designed to help them make the most of Kahoot! in their own environments. Since launch, more than 20,000 teachers have been Kahoot! Certified.

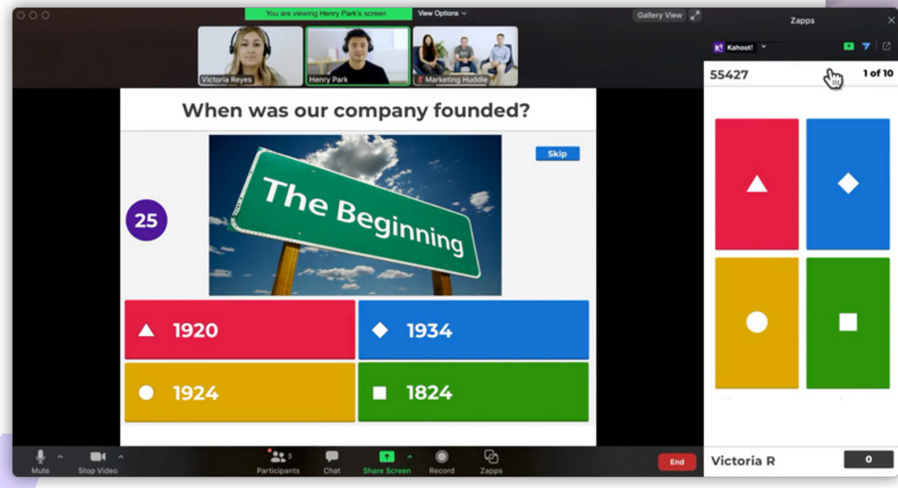
Over the summer, we launched **Kahoot! Academy**, a knowledge platform and online community. It allows educators and publishers to share and access content that supports engaging and meaningful learning experiences for learners of all ages, worldwide. Since launch, Kahoot! Academy has engaged more than 70 million users and developed a fast-growing library of thousands of engaging games and collections from Verified Kahoot! Academy educators in a range of topics and languages - all in an effort to provide high-quality content for our global audience. This has led us to forge **partnerships with content providers** such as Disney, Marvel, Common Sense Education, United Nations, Time for Kids, and many others. →

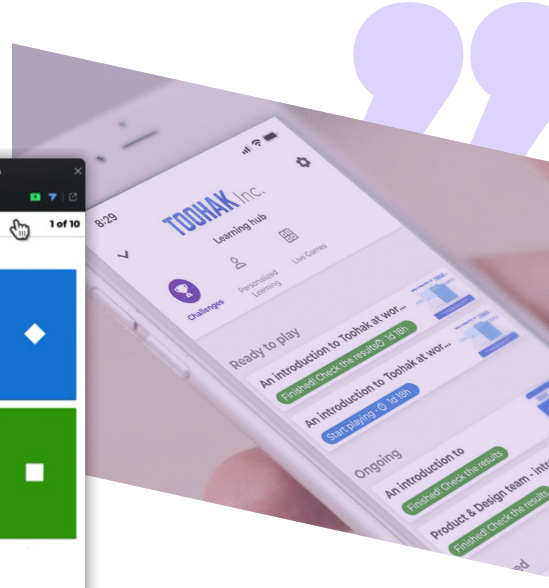
In parallel, we continued to strengthen our corporate learning offerings by launching **Kahoot! 360**. This is a powerful, collaborative platform for organizations that seek to connect teams and individuals, either in person or remotely. Today, more than 97% of Fortune 500 companies, along with companies of all sizes, rely on Kahoot! to make complex topics more exciting and to create greater engagement around work activities. This includes onboarding new employees, training of staff, conducting presentations and hosting events.

Later in the year, we also announced our forthcoming **integration with Zoom**, one of the most popular video-first unified communications platforms. This integration, expected to launch during the first half of 2021, will allow users to host and play Kahoot! games and presentations, without ever leaving their Zoom meetings.

This integration with Kahoot! will make it easy for our users to host and play Kahoot! games during Zoom meetings and bring more value to their meetings through the high level of engagement that Kahoot! brings.

Ross Mayfield
Lead Product Manager, Integrations at Zoom





Getting a Kahoot! EDU site license has helped us empower our educators with the tools to collaborate and engage learners both in class and at home.

Jonathan Tepper
Executive Director of Information & Learning Technology at Greenwood College School

As the back-to-school season approached in late Q3 2020, we launched **Kahoot! EDU**. The aim was to provide a scalable offering for schools, enabling the administrators and school leaders to introduce an enhanced Kahoot! experience to their entire school or district. Shortly after this launch, we followed up by announcing the **integration with Bitmoiji**, yet another way to help educators liven up their virtual classrooms and bring more engagement to self-study for students learning at home.

Last but not least, 2020 marked our foray into the “at home” user base, as we launched **Kahoot!+ Family**. This combo pack offering gives families a set of tools and apps to help them learn at home — which landed just in time for the holiday season. →

Building a solid foundation through a strong team and culture

I've served as CEO for just over a year, and during this time I've only grown more impressed by the talented and motivated team at Kahoot!. It's a team that has continually delivered stellar products and top performance, even during extremely challenging times due to the pandemic. As a company, we shifted to a fully **remote operational working model**, becoming almost completely virtual, along with much of the world. This added new intensity to our work, increasing the demand for our products and solutions among the families, schools and corporate citizens, as they sought solutions to maintain momentum and engagement. We are fortunate that, over the years, the Kahoot! team has built a **solid technical foundation** to do just that, enabling us to continuously add more value for all our users through new and increasingly relevant solutions, resulting in a scalable cloud platform with a viral business model. It's a model that served us well during the Covid-19 pandemic.

Over the course of the year our team has grown to 200+ employees all of whom represent the strong Kahoot! **culture of curiosity, inclusivity and playfulness**. We aim to expand our employee base in all areas of the company in 2021. Our first priority has been to invest into engineering and product development, in addition to acquiring talents in customer experience, design, assisted sales, and corporate development and operations throughout the year.

Solid financial performance

As we closed out the year, I am proud to share that our organization has stepped up to the challenges and also delivered **solid financial growth**. The Kahoot! Group reported invoiced revenue of more than **$45 million** for the full year 2020, representing **247% year-over-year growth**. We finished the year with annual recurring revenue (ARR) of approximately $60 million compared to $14 million at the same time last year.

The user growth on the platform continued with more than **24 million active accounts** in 2020 (57% year-over-year growth), more than **250 million hosted games** (19% year-over-year increase) and approximately 1.5 billion participating players (26% year-over-year growth), all in the last 12 months.

We also saw strong growth in paid subscriptions for Kahoot!, reaching more than **550,000** in the fourth quarter of 2020, at a growth rate of 220% compared to the same time last year.

At the same time, we maintained a strong focus on running our operations with **positive cash flow**. Q4 was the fifth consecutive quarter with positive cash flow, as reported $7m in the quarter.

Kahoot! raised more than **$240 million in funding** in 2020 to accelerate growth through value-creating organic and non-organic opportunities, putting the company in a strong position to continue focused execution in the future.

2020 was a turning point for Kahoot!

As we look back on our incredible journey in 2020, I have a tremendous amount of optimism for our future and our ability to continue to support our users and customers during these challenging times. I am incredibly proud of how we as a company have come together to strengthen our trajectory of our operations. We've done this through product development, constant focus on the user experience, and our ability to pivot and reimagine, in order to meet the changing needs of all our user groups and customers.

There's still a lot of important work to be done that will require us to stay the course, but I'm excited about the opportunities that lie ahead as we continue on our mission to make learning awesome for all!

Sincerely,

Eilert Giertsen Hanoa

CEO

2020 in review

Q1

17M active accounts
202K paying users

Jan
Launched **student-paced games on the web**

Feb
Free Kahoot! Premium access for teachers and schools affected by COVID-19
Introduced **"add images as answers"** feature

Mar
Launched **free distance learning webinar** series

Q2

20M active accounts
270K paying users

Apr
Launched **Kahoot! Poio Read app** in the U.S.
Added **multi-select answers** feature
Launched **interactive presentations** feature

May
Integration with **Microsoft Teams**
5X increase in remote use
Introduced **new reports**
Launched **study modes** on the mobile app

Jun
Raised **$25M+** in new equity
Kahoot! EDU Summit connected 35K educators worldwide
Launched **Kahoot! Academy**
Rose to **Top 5 EDU app** in U.S. and U.K.

Q3

21M active accounts
360K paying users

Jul
Launched **Groups**
Collaborated with **Marvel**

Aug
Added **open-ended questions** feature

Sep
Launched **mobile app in Spanish**
Partnered with **Disney**
Acquired **Actimo**
Announced **study leagues** on the mobile app
Overhauled **Kahoot! Certified**

Q4

24M active accounts
550K paying users

Oct
Launched **Kahoot! EDU**
Raised **$215M** in new equity
Integration with **Zoom**
Introduced a math symbol editor

Nov
400K paying users (not including Actimo and Drops)
Partnered with **Bitmoji**
Launched **Kahoot!+ for families**
Acquired **Drops**

Dec
Mobile app now available in **5 languages**
Added **brainstorm** feature
Reached **5B cumulative players** since launch

Testimonials

Teachers

This is easier said than done, but there are resources that can spice up the at-home learning experience. Many of my students love using Kahoot!, an app that allows them to take quizzes and compete against their classmates in real-time — using their smartphone, tablet or computer.

Michael Twersky
Teacher and CNBC contributor

Students

Kahoot! has proven to be an extremely useful and, I would even say -- life-saving tool for all students who hope to do well on tests.

Meghan Montminy
High school student

Employees

The trainer instantly knows what students understand and what needs more clarification, helping us improve the learning for everyone. Kahoot! quizzing provides a great opportunity to encourage students to discuss the content, as well as teach and encourage one another.

Emily Zachariasen
Guild Mortgage

Families

My daughter has used Kahoot! during the time of 'stay at home' order in place. It gave her and her friends an opportunity to learn something new and have fun at the same time. To quote as my daughter said "I love kahoot because it gives me some entertainment, knowledge and fun time with my friends."

Sandhya
Mother of a third grader

Partners

Through our eight UN75 games on Kahoot!, we reached out to several hundred thousands of students and young people in a couple of months in 186 countries. The UN75's collaboration with Kahoot! has extended the reach and engagement of our global listening exercise.

Fabrizio Hochschild
UN Under-Secretary General

Key numbers

5B
Cumulative participating players since launch

550K
Paid subscribers **growing 220% YoY**, for professionals, teachers, and personal use

24M+
Active accounts whereof **7M teachers and educators**

$45M
Invoiced revenue for 2020, **growing 247% YoY**

100M+
User-generated kahoots

1.5B
Participating players LTM

250M+
Games played on the Kahoot! platform LTM

$20B
Large market opportunity*

*Based on estimated EdTech market in 2020 from Goldman Sachs Education Technology Sector trends and market update May 2020

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. Our vision is to build the leading learning platform in the world.

Kahoot! is a global learning platform company headquartered in Norway, focused on developing a game-based learning platform that makes it easy to create, share and play fun learning games or trivia quizzes. Kahoot! is used for all kinds of learning and in a variety of settings – in school or university classrooms, corporate offices and remote working spaces, social settings, and sporting and cultural events. Our aim is to make learning awesome by helping every child, student and employee unlock their full learning potential. Kahoot! has throughout 2020 continued to expand with new free and premium tools and functionality for interactive presentations for school and work, corporate training, language learning, Academy Marketplace and additional content offerings from publishing partners, to make learning even more awesome for all users.

Over the past several years, the Kahoot! Group has witnessed a fundamental shift in how digital tools are being used in companies, organizations, in social contexts and in educational institutions. As self-study and online learning has increased in popularity, the Kahoot! Group's products have seen a significant increase in downloads and usage for home-schooling and remote classes, and organizations of all sizes are increasingly using Kahoot! for remote training, sharing knowledge and building their corporate cultures.

Kahoot! AS is the parent company of the Kahoot! Group and has since October 2019 been admitted for trading on Euronext Growth on Oslo Stock Exchange. The Company is aiming for a main listing on the Oslo Stock Exchange which may be as early as in the first quarter of 2021.

Kahoot! Is an efficient and innovative organization which employs people with a proactive approach, always searching for improved solutions towards our common goal: to make learning awesome! In pursuing this ambitious goal, Kahoot! has developed engaging products and is constantly moving forwards with new innovations and extended product offerings.

The Company is headquartered in Oslo, Norway with offices in the United States, United Kingdom, France, Finland, Estonia, Denmark and Spain. →

Review of the consolidated financial statements

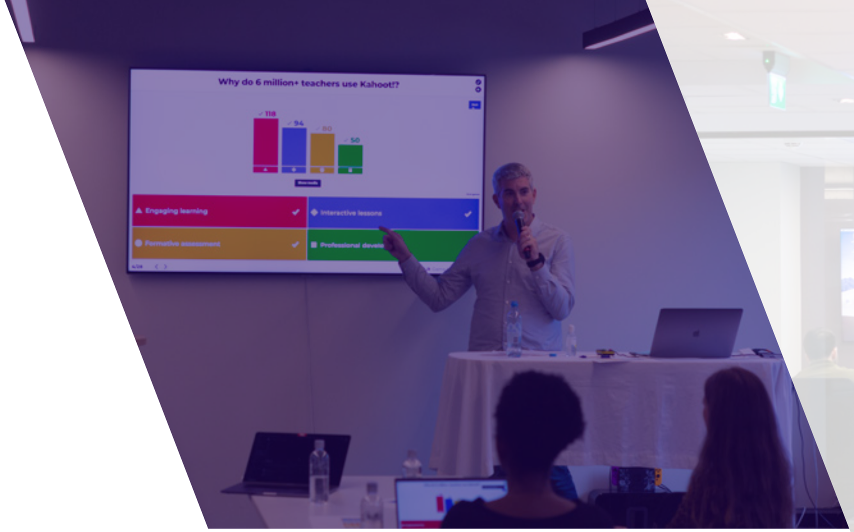
During 2020, the Kahoot! Group has converted the consolidated financial statements to the International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU), and as such the 2019 and 2018 financials have been re-stated to give comparable figures. Kahoot! acquired corporate learning provider Actimo and language learning provider Drops in Q4 2020 which are included in the consolidated financial statements from acquisition date.

Consolidated operating revenue for the financial year 2020 was USD 31.0 million compared to USD 8.5 million for the financial year 2019, representing 265% growth mainly driven by increased number of paid subscriptions for the Kahoot! Group companies. Operating expenses for the financial year 2020 was USD 47 million whereof share-based compensation expense and related payroll taxes, acquisition-related expenses and listing cost preparations accounted for USD 18.3 million. EBITDA for the financial year 2020 was USD -15.9 million compared to USD -10.7 million for 2019. After adjusting for share-based compensation expense and related payroll taxes, acquisition-related expenses and listing cost preparations, EBITDA represented USD 2.3 million for the financial year 2020 compared to USD -6.6 million for the financial year 2019.

Depreciation and amortization expenses for the financial year 2020 was USD 2.6 million, compared to USD 1.7 million for the financial year 2019. For the financial year 2020, the Group had on a consolidated basis net financial expenses of USD 16.6 million, compared to USD 0.1 million for the financial year 2019. The increase in financial expenses was caused by exchange rate differences on foreign currency held in the parent company. The majority of the Group's liquidity is held in USD as this is the expected acquisition currency.

The Kahoot! Group had assets of USD 377.8 million as of 31 December 2020. Non-current assets were USD 115.7 million whereof goodwill and intangible assets accounted for USD 112.1 million. Current assets were USD 262.1 million whereof cash and cash equivalents represented USD 256.1 million. Non-current liabilities were USD 23.6 million whereof USD 15.2 million is contingent liability relating to acquisitions in 2020.

Current liabilities at the end of 2020 were USD 65.8 million whereof deferred revenue represented USD 27.9 million. Equity ratio for the Kahoot! Group as of 31 December 2020 was 76%. The liquidity for the Kahoot! Group is satisfactory with a cash balance of USD 256 million as of 31 December 2020. Cash flow from operations was $17.4 million for the financial year 2020, cash flow from investing activities was USD -34.4 million driven by the acquisitions of Actimo and Drops and cash flow from financing activities was USD 231.1 million from new capital raised in 2020. →




Review of the parent company's financial statements

The annual accounts for the parent company have been prepared according to Norwegian Generally Accepted Accounting Principles (NGAAP). Revenue for the parent company Kahoot! AS was NOK 244.1 million for the financial year 2020 compared to NOK 69.8 million for the financial year 2019. Operating result (EBITDA) for the financial year 2020 was NOK -97.4 million impacted by share-based compensation expense and related payroll taxes of NOK 129.7 million for the year. Total equity for the parent company was NOK 2 702 million as of 31 December 2020.

Allocation of net profit in the parent company

The parent company Kahoot! AS recorded a net loss of NOK 201.4 million for the financial year 2020. The Board of Directors proposes the net loss to be allocated to other equity.

Going concern

In accordance with the Norwegian Accounting Act, the board of directors confirms that the annual accounts have been prepared in accordance with the going-concern assumption.

Risk and risk management

Risk management for the Kahoot! Group is based on the principle that risk evaluation is an integral part of all business activities, where the ability to implement the Group's strategic and operational plans is influenced by various commercial, technological, and operational risk factors summarized below.

Market risk

The Kahoot! Group is exposed to several market related risk, including but not limited to; access and ability to keep qualified employees, access to technology used in product development, ability to keep the user engagement and brand awareness, change in user pattern for existing and new users of the products offered by the Group, ability to convert non-paying users to paying subscribers, relative competitiveness in the markets where the Group operates, global or regional economic market conditions.

Credit risk

The Kahoot! Group is exposed to credit risk from its operating activities, primarily trade receivables. The Group does not have a specific procedure for assessing credit risks for its customers before transactions are entered. The Group does not have significant credit risk associated by a single counterparty. →

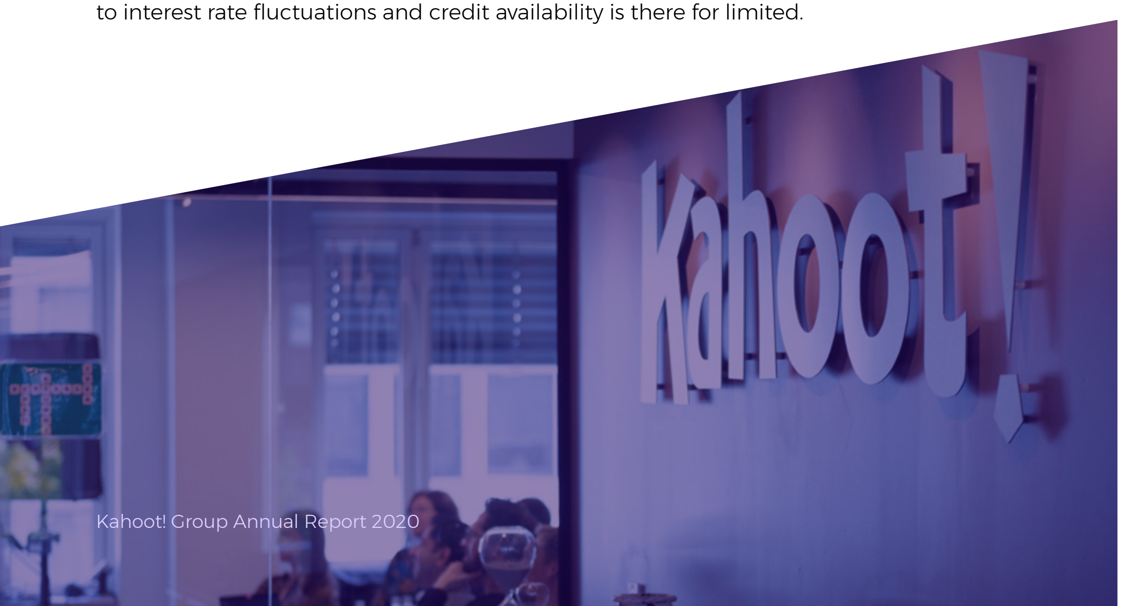
Currency risk

Due to the broad scope of the Group's international operations, a substantial portion of its assets, liabilities, sales and expenses are denominated in currencies other than NOK. The Group's predominant exposures in terms of revenue are to USD, EUR and GBP, with revenue in USD in particular.

Changes in the exchange rates between these currencies can also affect the Group's operations and financial position, as a result of translational exchange rate effects. These effects arise because the financial results of the Group's subsidiaries are measured in the currency of the primary economic environment in which the subsidiary operates (its functional currency). The results of operations and assets and liabilities of a number of the Company's global subsidiaries are, therefore, measured in currencies other than USD and are then translated into USD for presentation of the Group's financial results, assets and liabilities in the Group's financial statements. Consequently, fluctuations in the applicable foreign currency exchange rates may increase or decrease the USD value of the Group's non-USD assets, liabilities, sales, costs and order intake, even if their value has not changed in the local functional currency.

Interest risk

The group holds no long-term borrowings and no interest-bearing debt. Lease contracts resulting in a recognized lease liability are not subject to change in payments derived from interest fluctuations, and the Groups exposure to interest rate fluctuations and credit availability is there for limited.



Liquidity risk

Kahoot! successfully raised new share capital in 2020, resulting in a strong financial position. Further, the Kahoot! Group has positive cash flow from operations and does not have any interest-bearing debt.

Working environment

The working environment is considered good. Relying on highly skilled and motivated employees to succeed, Kahoot! is constantly working to maintain an attractive and rewarding working environment. For the financial year 2020, the registered level of absence due to sickness in the parent company was 1.3 %. No accidents or injuries occurred during the year.

Impact on external environment

Reducing both Kahoot!'s and our customers' impact on the environment is an important focus for Kahoot! and the Board of Directors. Kahoot! strives to keep its environmental footprint minimal by investing in offices with natural lighting and recycling. The company educates its employees on sustainability issues and engages them to participate in promoting sustainability. Kahoot!'s products promote digital and remote learning and hence allow for reduction of travel and unnecessary negative impact on the environment. →

Equal opportunities

At the end of 2020, the parent company Kahoot! AS had 95 employees, of which 33% were women. The market in which Kahoot! operates is somewhat overrepresented by by male employees, but the Kahoot! Group is actively working towards a diversified working environment. Women are represented in most of the company's departments and the ratio between men and women will continue to be monitored. Kahoot! strongly respects and supports diversity in general and see this as a competitive advantage to create value for the company and its shareholders. Kahoot! has a policy that includes the principle of equal opportunities for equal work, implying that every employee will have the same rights, salary and career options in the same position, all other factors being equal.

Discrimination

Inclusivity is one of Kahoot!'s core values, and the Company is committed to team diversity as a driver of success. The Company's global team includes members of over 30 nationalities with different cultural and ethnic backgrounds.

Shareholders

Kahoot! AS has a total of 446.1m common shares and more than 19,000 shareholders. The shares are listed on Euronext Growth on Oslo Stock Exchange with ticker code KAHOT.

Outlook 2021 and events after the end of the financial year

The Kahoot! Group's main markets are characterised by technological advances, change in customer requirements and frequent new product introductions and improvements. As user preferences change and develop, Kahoot! will stay attractive and relevant for its users through maintaining a persistent focus on innovation and creativity to retain its users' brand loyalty and attract further interest within all user categories.

Kahoot!'s game-based learning platform makes it easy to create, share and play learning games driving compelling engagement. In 2020 the Group has experienced a significant growth in use of its products, where 250 million games were played on the Kahoot! platform with 1.5 billion participating players with a strong growth in number of paying subscribers. Kahoot! is thus well positioned for continued growth and success.

Oslo, 9 February 2021

Sign

Harald Arnet
Chairman

Sign

Fredrik Cassel
Board Member

Sign

Michiel Kotting
Board Member

Sign

Sindre Østgård
Board Member

Sign

Stefan Blom
Board Member

Sign

Eilert Hanoa
CEO

Sustainability and social responsibility

We believe engaging learning is the key to development and empowerment at school, at home and at work. Kahoot!'s focus as a company is to operate in a sustainable way, in alignment with the United Nations Sustainable Development Goals and the impact on learning we're aiming to make around the world.

Quality education

Goal 4 (SGD4) is to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all by 2030.

SDG4 is key to Kahoot!'s mission and operations. We contribute to literacy, numeracy, overcoming language barriers, making learning more inclusive, and ensuring that learners acquire knowledge to promote sustainable development.

Kahoot! supports quality education through our main platform, as well as DragonBox and Poio, award-winning math and learn-to-read apps, and the Drops apps, which make language learning natural with immersive visuals and play. Together, we are on a mission to empower children of any background to learn through play, and build the world's largest sustainable learning community! →

Making learning more inclusive

Kahoot! is an easy-to-use tool for everyone, putting students front and center, with equal chances of becoming classroom heroes. Read how Arts teacher Barbara Wingfield encouraged creative teamwork with students co-creating kahoots in ASL.

In response to COVID-19 and the global shift to distance learning, Kahoot! offered free access to Premium features for all educators impacted by the pandemic, working to ensure that educators could continue to connect with and engage their students, whether in the classroom or at home.

Inclusion is one of our core values, and it informs how we operate as an organization. We aim to be compliant with the Web Content Accessibility Guidelines (WCAG) version 2.0, to an AA conformance level. Read our accessibility policy.

Overcoming language barriers

Kahoot! is played in over 200 countries all over the world, helping learners connect through the universal language of play and gain confidence in a new language. Many teachers use Kahoot! to help international learners—including refugees—to learn a new language, such as Carol Salva, an ESL consultant who used Kahoot! to educate refugee students and help them connect. Kahoot! has also recently expanded our offering for language learners with the Drops apps. →

Keeping users safe

While Kahoot! enables users to create the content they wish without requiring pre-screening, we also take steps to ensure that Kahoot! is a safe and welcoming space for all, and any inappropriate or harmful content is removed from the platform. Users have the option to flag any kahoot game, which is then reviewed by a Kahoot! moderator within 24 hours. Content may be removed for containing inappropriate language including misinformation, harassment, bullying, racism or other bigotry.

New kahoot games are checked automatically for any words the Kahoot! team has identified as inappropriate, allowing potentially harmful content to be reviewed by moderators and removed if necessary. Hosts also have the option to moderate player nicknames, giving them the tools to keep gameplay safe and age-appropriate.

Kahoot! is proudly ad-free on both the website and mobile app. This ensures that children are not exposed to potentially negative influences on our platform and allows young Kahoot! users to focus on playing and learning.

Making a positive social impact, globally

We at Kahoot! believe that learning should include everyone, and we work to eliminate barriers to education. Kahoot! aims to foster partnerships with organizations and institutions that both share our vision for positive social impact and which have important content to offer the youth audience – our future game-changers.

Our partnerships with such organizations as the United Nations, UNICEF, Common Sense Education, Amnesty International, the National Institutes of Health, the Marine Stewardship Council, and many more are examples of our strong shared commitment to this vision.

In close collaboration with these partners on the important topics of human rights, children's rights, bullying prevention, cyberbullying & online safety, diversity and inclusion, the dangers of drugs & alcohol use and sustainability, we've been able to engage millions of learners and their educators around the world.

Our partnerships with such organizations as Tiimo and the Ad Council reflect our commitments to this belief and enable Kahoot! to offer meaningful and inspiring learning content that can open minds and break stereotypes associated with gender, ethnicity, religion and neurodiversity (e.g., ADHD and autism). →

Reducing our environmental footprint

At Kahoot!'s headquarters in Oslo, Norway, we strive to keep our environmental footprint minimal by investing in an office with natural lighting and recycling, and using more clean energy. We educate our employees on sustainability issues and engage them to participate in promoting sustainability.

Valuing diversity

Inclusivity is one of our core values, and we believe our team's diversity is a driver of success. Our global team includes members of over 30 nationalities. Kahoot!'s full team of top leaders, including the Executive Management, consists of, in total, 24 individuals of around 10 nationalities where 42% are women.

By growing our team to include the voices of a diverse range of professionals, we are able to build a more dynamic and creative company culture at Kahoot!. As we collaborate and contribute our unique points of view, social and cultural awareness and language abilities, together we drive greater innovation and global growth.

Members of the K!rew are protected in a safe work environment by the Norwegian Working Environment Act and the gender equality and discrimination act. We value a good work-life balance, invest in our employees and welcome feedback from all in our mission to make learning awesome!

Financial statements

Consolidated group

Consolidated group annual financial statements 2020

Consolidated statement of profit or loss

USD in thousands	Note	2020	2019	2018
Revenue from contracts with customers	5	30,859	8,464	1,775
Other operating income	**5**	175	-	166
Total revenue and other operating income		31,034	8,464	1,941
Cost of sales		3,790	906	164
Employee benefit expenses	6,17	31,625	12,142	9,593
Other operating expenses	7,17	11,553	6,138	4,158
Operating profit/(loss) before deprec. and amortiz. (EBITDA)		(15,936)	(10,721)	(11,975)
Amortization of intangible assets	11	1,897	1,097	982
Depreciation	13, 14	685	569	84
Operating profit/(loss) (EBIT)		(18,517)	(12,387)	(13,041)
Financial income	8	372	347	109
Financial expenses	8	(329)	(255)	(21)
Net change in fair value of financial instruments	8, 19	848	-	
Net foreign exchange gains (losses)	8	(17,510)	(224)	(70)
Net financial income (expenses)		(16,619)	(133)	18
Profit/(loss) before income tax		(35,136)	(12,519)	(13,023)
Income tax	9	(656)	(44)	-
Profit/(loss) for the year		(34,481)	(12,475)	(13,023)
Profit/(loss) for the year is attributable to:				
Equity Holders of Kahoot! AS		(34,481)	(12,475)	(13,023)
Earnings per share in USD				
Basic earnings per share		(0.09)	(0.03)	(0.04)
Diluted earnings per share		(0.09)	(0.03)	(0.04)

Consolidated statement of comprehensive income or loss

USD in thousands	Note	2020	2019	2018
Profit/(loss) for the year		(34,481)	(12,475)	(13,023)
Other comprehensive income (loss):				
Items that might be subsequently reclassified to profit or loss:				
Exchange differences on translation of foreign operations		(325)	(15)	(35)
Item that are not reclassified to profit or loss:				
Exchange difference on translation to another presentation currency		17,413	1,044	(2,271)
Total comprehensive income (loss) for the year		(17,392)	(11,447)	(15,329)
Total comprehensive income is attributable to:				
Equity Holders of Kahoot! AS		(17,392)	(11,447)	(15,329)

Consolidated balance sheet

USD in thousands	Note	31.12.2020	31.12.2019	31.12.2018	01.01.2018
ASSETS					
Non-current assets					
Goodwill	12	77,745	20,097	-	-
Intangible assets	11	34,373	8,902	3,718	4,910
Property, plant and equipment	13	409	313	140	56
Right-of-use assets	14	3,165	3,078	3,416	-
Deferred tax asset	9	-	-	-	
Total non-current assets		115,692	32,390	7,274	4,966
Current assets					
Trade receivables	15	2,671	1,322	378	87
Other current assets		3,316	599	614	491
Cash and cash equivalents	16	256,120	40,851	27,843	4,446
Total current assets		262,108	42,772	28,836	5,024
TOTAL ASSETS		377,800	75,163	36,110	9,990
EQUITY AND LIABILITIES					
Equity					
Share capital	18	5,228	1,473	1,334	52
Share premium	18	357,383	92,621	53,439	24,349
Share-based payments reserves	18	5,542	2,095	1,586	1,151
Foreign currency translation reserves	18	(375)	(50)	(35)	-
Retained earnings	18	(79,373)	(40,112)	(27,860)	(16,592)
Total equity		288,406	56,027	28,464	8,960
Non-current liabilities					
Lease liabilities	14	2,312	2,561	2,915	-
Deferred tax liability	9	5,843	1,346	-	-
Other non-current liabilities	19, 20	15,447	-	-	-
Total non-current liabilities		23,602	3,907	2,915	-
Current liabilities					
Lease liabilities	14	964	601	551	-
Trade payables	19. 20	1,817	940	175	284
Contract liabilities (deferred revenue)	5	27,899	6,072	1,626	156
Other current liabilities	19, 20	35,111	7,616	2,378	590
Total current liabilities		65,791	15,229	4,730	1,030
Total liabilities		89,393	19,136	7,646	1,030
TOTAL EQUITY AND LIABILITIES		377,800	75,163	36,110	9,990

Oslo, 9 February 2021

Sign

Harald Arnet
Chairman

Sign

Fredrik Cassel
Board Member

Sign

Michiel Kotting
Board Member

Sign

Sindre Østgård
Board Member

Sign

Stefan Blom
Board Member

Sign

Eilert Hanoa
CEO

Consolidated statement of changes in equity

USD in thousands	Note	Share capital	Share premium	Share-based payments reserves	Translation differences reserves	Retained earnings	Total equity
Balance at 1 January 2018	18	52	24,349	-	-	(13,538)	10,864
Adjustments from NGAAP to IFRS		-	-	1,151	-	(3,054)	(1,903)
Balance at 1 January 2018	18	52	24,349	1,151	-	(16,592)	8,960
Profit/(loss) for the year		-	-	-	-	(13,023)	(13,023)
Currency translation differences [1]		(80)	(3,848)	(98)	(35)	1,755	(2,307)
Total comprehensive income/(loss) for the year		(80)	(3,848)	(98)	(35)	(11,269)	(15,330)
Issuance of shares	18	1,362	34,769	-	-	-	36,131
Transaction costs on equity issues	18	-	(1,832)	-	-	-	(1,832)
Share option program	17	-	-	534	-	-	534
Balance at 31 December 2018	18	1,334	53,439	1,586	(35)	(27,860)	28,464
Profit/(loss) for the year		-	-	-	-	(12,475)	(12,475)
Currency translation differences [1]		(9)	844	(15)	(15)	223	1,028
Total comprehensive income/(loss) for the year		(9)	844	(15)	(15)	(12,252)	(11,447)
Issuance of shares	18	148	40,510	-	-	-	40,658
Transaction costs on equity issues	18	-	(2,172)	-	-	-	(2,172)
Share option program	17	-	-	524	-	-	524
Balance at 31 December 2019	18	1,473	92,621	2,095	(50)	(40,112)	56,026
Profit/(loss) for the year		-	-	-	-	(34,481)	(34,481)
Currency translation differences [1]		334	21,480	378	(325)	(4,780)	17,088
Total comprehensive income/(loss) for the year		334	21,480	378	(325)	(39,261)	(17,392)
Issuance of shares	18	3,421	253,520	-	-	-	256,940
Transaction costs on equity issues	18	-	(10,237)	-	-	-	(10,237)
Share option program	17	-	-	3,069	-	-	3,069
Balance at 31 December 2020	18	5,228	357,383	5,542	(375)	(79,373)	288,406

[1] The currency translation differences arising from the translation to the presentation currency is not included as a translation differences reserves, but presented as part of the different categories of the equity. These translation differences cannot be recycled through profit or loss.

Consolidated statement of cash flows

USD in thousands	Note	2020	2019	2018
Cash flows from operating activities				
Profit/(loss) before income tax		(35,136)	(12,519)	(13,023)
Adjustments for:				
Depreciation and amortization	11, 13, 14	2,582	1,666	1,066
Net interest income	8	(329)	(255)	(21)
Share-based payments expense	6	3,069	524	534
Change in trade and other receivables		279	(945)	(316)
Change in contract liabilities (deferred revenue)		13,807	5,247	1,580
Change in trade payables		591	765	(108)
Change in other current assets and other liabilities		32,191	2,684	1,697
Interest received	8	372	347	109
Net cash flow from operating activities		17,426	(2,486)	(8,481)
Cash flows from investing activities				
Payment for acquisition of subsidiary, net of cash acquired	4	(34,227)	(8,996)	-
Payment for property, plant and equipment		(214)	(230)	(153)
Net cash from investing activities		(34,441)	(9,226)	(153)
Cash flows from financing activities				
Proceeds from issuance of ordinary shares	**18**	241,931	28,184	35,725
Transaction costs on issuance of ordinary shares	18	(10,237)	(2,172)	(1,832)
Repayments of lease liabilities	14	(537)	(461)	-
Paid interest on lease liabilities	14	(78)	(91)	-
Net cash from financing activities		231,079	25,460	33,894
Net increase/(decrease) in cash and cash equivalents		214,064	13,748	25,260
Cash and cash equivalents as of 1 January	16	40,851	27,843	4,446
Effects of exchange rate changes on cash and cash equivalents		1,205	(740)	(1,863)
Cash and cash equivalents as of 31 December		256,120	40,851	27,843

Notes

Note 1 General Information

Kahoot! AS (the Company or Kahoot!), the parent company of the Kahoot! Group (the Group) is a limited liability company incorporated and domiciled in Norway, with its head office in Fridtjof Nansens plass 7, 0160 Oslo. The Company is listed on Euronext Growth in Oslo, Norway and has the ticker "KAHOT".

The Group is on a mission to make learning awesome! The Group wants to empower every child, student and employee to unlock their full learning potential. The Group's game-based learning platform makes it easy to create, share and play learning games driving compelling engagement. In addition, the Group's family of apps takes math learning to a new level and empowers children to learn to read through play. Launched in 2013, the Group's vision is to build the leading learning platform in the world. In 2020 over 250 million games were played on the Kahoot! platform with 1.5 billion participating players in 200 countries.

These consolidated financial statements have been approved for issuance by the Board of Directors on 9 February 2021. The Group has implemented IFRS per 1 January 2018, as further described in note 25.

Note 2 Significant events in the current reporting period

The financial position and performance of the Group was particularly affected by the following events and transactions during the reporting period:

- The acquisitions of DragonBox and Poio 1 September 2019, Actimo 5 October 2020 and Drops 28 November 2020, (see note 4) resulted in recognition of goodwill, technology and brand.
- Through share issues, securing a broader investor base and strong balance sheet with a cash position of more than USD 250 million.
- Strong revenue growth as result of successful commercial development of the Kahoot! offerings.

Note 3 General accounting principles

The general accounting policies applied in the preparation of these consolidated financial statements are set out below. Specific accounting principles are described in the relevant notes.

Basis of preparation

The consolidated financial statements of Kahoot! AS are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU), and additional disclosure requirements in the Norwegian Accounting Act as effective of 31 December 2020.

The consolidated financial statements are presented in US dollars (USD), and have been rounded to the nearest thousand unless otherwise stated. As a result of rounding adjustments, amounts and percentages may not add up to the total.

The financial statements are prepared on a going concern basis. The financial statements have been prepared on a historical cost basis.

Foreign currency

Functional currency, presentation currency and consolidation

The Group's presentation currency is USD. The functional currency of the parent company is NOK.

For consolidation purposes all subsidiaries with a different currency than the parent company is translated into NOK at the rate applicable at the balance sheet date. Income statements are translated at the average exchange rate that approximates the prevailing rate at the date of transaction. All exchange differences are recognized in other comprehensive income/(loss) as translation differences that might be recycled to profit or loss on disposal or partial disposal of the net investment. Following the consolidation, the Group's consolidated balance sheet is retranslated to its presentation currency (USD) at the rate applicable at the reporting date. Consolidated statement of profit or loss and statement of cash flow are translated at its average rate that approximates the prevailing rate at the date of transaction. The translation differences arising from the translation to the presentation currency is not included as a foreign currency translation reserve, but presented as part of the different categories of the equity. These translation differences cannot be recycled. The periods capital changes are presented at its transaction rate and recalculated to the rate applicable at the balance sheet date.

Transactions in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates at the transaction date. Monetary balances in foreign currencies are translated into the functional currency at the exchange rates on the date of the balance sheet. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies are generally recognized in the consolidated statement of profit or loss.

Principles of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Figures from subsidiaries with different account policies are amended to ensure consistent accounting policies for the Group.

If the Group loses control over a subsidiary it derecognizes the assets, liabilities, and non-controlling interest, and reclassifies to profit or loss, or transfers directly to retained earnings as appropriate, the amounts recognized in other comprehensive income/(loss) in relation to the subsidiary.

Classification of current and non-current items

An asset is classified as current when it is expected to be realized or sold, or to be used in the Group's normal operating cycle, or falls due or is expected to be realized within 12 months after the end of the reporting period. Other assets are classified as non-current. Liabilities are classified as current when they are expected to be settled in the normal operating cycle of the Group or are expected to be settled within 12 months of the end of the reporting period, or if the Group does not have an unconditional right to postpone settlement for at least 12 months after the balance sheet date.

Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses. The Company has determined that the Board of Directors are the chief operating decision maker.

The segment information is reported in accordance with the reporting to the Board of Directors (the chief operating decision makers) and is consistent with financial information used for assessing performance and supporting the Group's direction and strategy, resource allocation and acquisition activities. The Group has identified one segment. The Group is monitored at consolidated income statement, balance sheet and cash flow, in addition to the following alternative performance measures: invoiced revenues, cash conversion from invoiced revenues and number of paid subscriptions. Alternative performance measures are monitored at Kahoot! Group level. Earnings before interest, taxes, depreciation and amortization (EBITDA) is defined as the segment's measure of profit or loss.

The use of estimates and assessment of accounting policies when preparing the annual accounts

Estimates and assumptions

Management has used estimates and assumptions that have affected assets, liabilities, revenues, expenses and information on potential liabilities. Future events may lead to these estimates being changed. Estimates and their underlying assumptions are reviewed on a regular basis and are based on best estimates and historical experience. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

Management has, when preparing the financial statements; made certain significant assessments based on critical judgment when it comes to application of the accounting principles.

Material exercise of judgment and estimates relate to the following matters:

- Business combinations, note 4
- Revenue recognition, note 5
- Intangible assets, note 11

Note 4 Business combinations

Accounting principles

The acquisition method of accounting is used to account for all business combinations. The consideration transferred in a business combination comprises the fair values of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by the Group, fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value, or at the non-controlling interests proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

Goodwill arising on acquisition is recognized as an asset measured at the excess of the sum of the consideration transferred, the fair value of any previously held equity interests and the amount of any non-controlling interests in the acquired entity over the net amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the net fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities exceeds the total consideration of the business combination, the excess is recognized in the statement of profit or loss immediately.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquisition is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognized in profit or loss.

Acquisitions 2020

Critical judgements and significant estimates

The acquisitions required the use of critical judgements and significant estimates when identifying and valuing intangible assets. For Actimo and Drops three possible intangible assets were identified: technology, brand and customer relationship. The customer relationship relates to existing customers for Actimo and existing subscribers for Drops. Existing customer relationships are attributed zero value and identified intangible assets were technology and brand.

The relief-from-royalty method have been applied to measure the fair value of the technology and the brand. The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents being owned. The valuation is based on projected cash flows for the next 6 years, which includes estimated revenue growth. These cash flows are adjusted for assumptions about churn, attrition and multiplied by a royalty rate (cost saving from owning the technology and brand). These cost savings are discounted using a cost of capital rate between 12.4%-12.9%. The royalty rate for technologies is assumed to be 30% and for the brands 2%. The brands are assumed to have from five years to seven years life and technology a useful life of seven years.

Description

Actimo

Actimo ApS ("Actimo") was acquired by a purchase of 100% of the shares effective from 5 October 2020. Actimo, an employee engagement platform that empowers organizations to more efficiently build corporate culture with better communication, training and interaction with the workforce was acquired for a total consideration of USD 26-33 million on a debt and cash free basis including a performance-based element. The consideration was settled by a combination of cash and 1,114,963 new Kahoot! AS Shares at a subscription price of NOK 46.82 per share.

PlanB Labs Oü (Drops)

PlanB Labs Oü ("Drops", hereafter referred to as Drops) was acquired by a purchase of 100% of the shares effective from 28 November 2020. Drops, one of the fastest growing language platforms in the world was acquired for a total consideration of USD 31 million on a debt and cash free basis in addition to a performance-based element up to USD 19 million depending on Drops performance in 2020, 2021 and 2022. The consideration was settled by a combination of cash and 859,169 new Kahoot! AS Shares at a subscription price of NOK 62.63 per share.

Preliminary purchase price allocation – assets acquired and liabilities assumed

The amounts recognized at the date of acquisitions in respect of identifiable assets acquired and liabilities assumed are set out in the table at right, using the exchange rate as of 5 October for Actimo and exchange rate as of 28 November for Drops.

Goodwill from the acquisitions of Actimo and Drops are attributable to synergies, and will lead to additional value for the Group's subscription-based product offering when combined with the Kahoot! products and marketing as one product going forward.

Acquisition costs of USD 540 thousand arose as a result of the transactions. These have been recognized as part of other operating expenses in the statement of statement of profit or loss.

USD in thousands	Actimo	Drops
Purchase consideration		
Cash consideration	21,034	16,372
Shares issued	5,643	6,073
Contingent liability / earn-out	6,285	20,673
Total purchase consideration	32,962	43,118
Brand	332	1,067
Technology	7,953	17,057
Property, plant and equipment	-	45
Trade and other receivables	1,559	1,769
Cash and cash equivalents	1,503	1,676
Deferred tax liability	(1,049)	(3,625)
Trade payables and other current liabilities	(3,459)	(3,852)
Total net identifiable assets acquired at fair value	6,839	14,137
Total purchase consideration	32,962	43,118
Goodwill	26,123	28,980
Net cash outflow arising on acquisition		
Cash consideration	21,034	16,372
Less: cash and cash equivalents acquired	1,503	1,676
Total cash consideration	19,531	14,696

Since the acquisition date 5 October 2020, Actimo has contributed with USD 1,125 thousand to the Group's revenue and a loss USD 590 thousand to the Group's total loss.

Drops have contributed with USD 726 thousand to the Group's revenue since the acquisition date 28 November 2020 and a positive net income contribution of USD 60 thousand to the Group's total loss.

If the acquisitions of Actimo and Drops had occurred on 1 January 2020, the revenue for the Group would have been USD 40,842 thousand and the Group's loss would have been USD 36,443 thousand.

Acquisitions 2019

Critical judgements and significant estimates

The acquisitions required the use of critical judgements and significant estimates when identifying and valuing intangible assets. For DragonBox three possible intangible assets were identified: technology, brand and customer relationship. The customer relationship relates to sale to schools for DragonBox (recurring revenue). Existing customer relationships are attributed zero value and identified intangible assets were technology and brand. For Drops, existing customer relationships are attributed zero value and identified intangible assets were technology and brand.

The relief-from-royalty method have been applied to measure the fair value of the technology and the brand. The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents being owned. The valuation is based on projected cash flows for the next 6 years, which includes estimated revenue growth. These cash flows are adjusted for assumptions about churn, attrition and multiplied by a royalty rate (cost saving from owning the technology and brand). These cost savings are discounted using a cost of capital rate between 10.5%-12.0%. The royalty rate for technologies is assumed to be 30% and for the brands 2%. The brands are assumed to have indefinite life and technology a useful life of seven years.

Description

DragonBox

DragonBox was acquired by a purchase of 100% of the shares effective from 1 September 2019. DragonBox, the award-winning game-based learning studio and maker of the popular DragonBox family of math apps was acquired for a total consideration of USD 17.3 million on a debt and cash free basis. The consideration was settled by a combination of cash and 3,868,636 (adjusted for split in 1:3 split in 2020, see note 18) new Kahoot! AS shares at a subscription price of NOK 25 per share.

Poio

Poio was acquired by a purchase of 100% of the shares effective from 1 September 2019. Poio, the game-based learning-to-read app, helping children crack the reading code through playing was acquired for a total consideration of USD 6.2 million on a debt and cash free basis. The consideration was settled by a combination of cash and 1,383,660 (adjusted for split in 1:3 split in 2020, see note 18) new Kahoot! AS shares at a subscription price of NOK 25 per share.

Final purchase price allocation - assets acquired and liabilities assumed

The amounts recognized at the date of acquisitions in respect of identifiable assets acquired and liabilities assumed are set out in the table below, using the exchange rate as of 1 September 2019.

USD in thousands	**DragonBox**	**Poio**
Purchase consideration		
Cash consideration	6,683	2,422
Shares issued	10,633	3,803
Total purchase consideration	17,317	6,225
Brand	1,616	418
Technology	3,296	768
Property, plant and equipment	13	5
Other non-current financial assets	(83)	(220)
Inventory	-	9
Trade and other receivables	185	141
Cash and cash equivalents	23	87
Deferred tax liability	(1,081)	(261)
Trade payables and other current liabilities	(689)	(86)
Total net identifiable assets acquired at fair value	3,281	862
Total purchase consideration	17,317	6,225
Goodwill	14,036	5,364
Net cash outflow arising on acquisition		
Cash consideration	6,683	2,422
Less: cash and cash equivalents acquired	23	87
Total cash consideration	6,661	2,335

Goodwill from the acquisitions of DragonBox and Poio are attributable to synergies, and will lead to additional value for the Group's subscription-based product offering when combined with the Kahoot! products and marketing as one product going forward.

Acquisition costs of USD 347 thousand arose as a result of the transactions. These have been recognized as part of other operating expenses in the consolidated statement of profit or loss.

Since the acquisition date 1 September 2019, DragonBox have contributed USD 703 thousand to the Group's total revenue and a loss of USD 479 thousand to the Group's total loss.

Since the acquisition date 1 September 2019, Poio have contributed USD 124 thousand to the Group's total revenue and a loss of USD 159 thousand to the Group's total loss.

If the acquisitions had occurred on 1 January 2019, the revenue for the Group would have been USD 10,116 thousand and the Group's loss would have been USD 9,072 thousand.

Note 5 Revenue

Accounting principles

The revenue in the Group is generated from five different licenses: Kahoot!, DragonBox, Poio, Actimo and Drops, which are further described below.

The Kahoot! license is sold either through the Group's website or through apps. The app itself is for free, but it is possible to sign up for different subscriptions based on a monthly price (through an in-app purchase). The subscription is cloud-based. It is presented in different ways for the different customer-types, but the underlying product is the same.

The subscriptions are not customized to the individual customers and prepaid (mostly by 12 months). Kahoot! has the right to change or withdraw features, specifications, services and contents without noticing customers and customers are exposed to any positive or negative effects from the changes. The Kahoot! products are mainly paid upfront by credit cards based on subscription periods.

The license is the only performance obligation. The design and the content might change during the subscription period and the customers expect that the products are updated. Kahoot! delivers a subscription which gives the customer access to the services they have subscribed to. Revenue from the Kahoot! subscriptions are recognized over time (over the subscription period).

As Kahoot! develop and acquire new businesses, these products are over time integrated in relevant subscriptions as part of access to the Kahoot! platform.

Sale through app store

Customers can purchase the DragonBox and Poio apps through an app store. At the time of purchase the apps are sold and customers have access to the apps with no time limit. Customer can benefit from the software (apps received at delivery). Value of future upgrades are regarded as insignificant by the management and are not considered a separate performance obligation. Customers are granted a right to use the license and the revenue is recognized at a point in time. The price is the amount paid in the app store. The app store collects the payment on behalf of the Group.

The revenue related to the app purchases are recognized at a point in time.

Sales to schools

The Group sells license to schools as a subscription with multiple users. Customers receive a license key which expires according to the agreed subscription period.

According to DragonBox's terms and conditions, the subscription also includes changes and upgrades. In principle, the software should be ready when the school year starts. Any later changes and upgrades mainly relate to maintenance. The upgrades should not be regarded as a separate performance obligation as it relates to delivering the license in accordance with the customers' expectations. Therefore, the upgrades are inputs which together with the license fulfill a single promise to deliver. A one-year subscription is regarded as one performance obligation.

The license revenues are recognized at point in time. As DragonBox were acquired in September 2019, no revenue from these services have been recognized in the year end 2019.

Drops – in app purchase

This service is similar to the Kahoot! product. The Drops service is sold either through the website or through apps. The apps themselves are for free but is limited to 5-minute playtime per day and contains ads.

It is possible to sign up for different subscriptions through an in-app purchase (or purchase subscription on the webpage). The subscription is cloud-based.

Signing up for a subscription gives the customer unlimited language training and an ad-free experience for the length of the subscription. The difference between the subscription plans is the length of the subscription period, the underlying product is the same. The subscriptions are offered with monthly payment, yearly payment, and life-time payment. Life-time payment means a one-time payment for lifetime access. The subscriptions are mainly paid upfront by credit cards based on subscription periods.

The license is the only performance obligation. The design and the content might change during the subscription period and the customers expect that the products are updated with new words and languages. The Group delivers a subscription which gives the customer access to the services they have subscribed to. Revenue from the Drops subscription are recognized over time (over the subscription period).

Actimo

Actimo sells app's to employers so they can better communicate with their employees.

The customer grants access to the service and license is invoiced with a license fee. The license gives the customer access to a platform that enable the customers to train, communicate and support their employees.

The delivery includes onboarding services. The onboarding includes platform set up, app building, launching and training and is not regarded as a separate performance obligation.

The licenses delivered by Actimo are cloud-based and the service cannot be used without access to Actimo's platform. The subscription gives the customer access to the services they have subscribed to. Revenue from the Actimo subscription is recognized over time (over the subscription period).

One performance obligation is identified, the subscription. The transaction price is the agreed subscription fee plus onboarding fee, which is recognized over time according to the license period.

Agent versus principal

The Actimo service is also sold through a third party (partner agreement). The Group has evaluated that it has the obligation towards end customer to provide the specified service itself. The Group is a principal. The revenues are recognized on a gross basis with any related expenses charged as costs.

Critical judgements

For the revenue recognition related to the sale to schools, certain judgements were applied. This relates both to whether upgrades were considered a separate performance obligation and the assessment if the licenses were a right to access or right to use license. The discussions were related to the customer expectations and the nature of upgrades. The customer expects to have a product ready for use that includes the content for a whole year at the time the customer receives the license key. Further, the license was to be installed at the customer premises. Following this it was concluded that this was a right to use the license and recognized at a point in time. There were limited argumentation supporting a recognition according to right of access the license. Upgrades were not considered a separate performance obligation as they mainly related to bugfixes in order to deliver the agreed license.

Significant estimates

Drops subscription is sold with different subscription period. One of the subscriptions is lifetime access for the customer, which is paid upfront. The Drops revenue is recognized over time. Accordingly, the Group needs to assess the expected lifetime of an active user. It is evident that the user lose interest in the app after a period of time. The Group has assessed that using the history of the paid annual subscriptions adjusted for retention would be a good approximation of the period of which the transaction price should be allocated to. Currently this is two year. There is no significant financing element.

Contract liabilities

Contract liabilities relate to advances from customers for licenses paid upfront.

Description

Disaggregating of revenue

USD in thousands	2020	2019	2018
Subscription revenue - recognized over time	27,746	7,930	1,775
Sale to schools - recognized at point in time	2,235	-	-
Other revenue - recognized at point in time	878	534	0
Total revenue from contracts with customers	30,859	8,464	1,775
Other operating income	175	-	166
Total revenue and other operating income	31,034	8,464	1,941

Other revenue includes one off sale of apps, such as Poio and DragonBox.

Contract assets and liabilities

USD in thousands	2020	2019	2018
Contract liabilities (deferred revenue) at 1 January	6,072	1,626	156
New contract liabilities	27,899	6,072	1,626
Revenue recognized in current year	(5,663)	(1,605)	(157)
Exchange differences	(409)	(21)	1
Contract liabilities (deferred revenue) at 31 December	27,899	6,072	1,626

Remaining performance obligations

The remaining performance obligation on unsatisfied contracts of a duration of more than one year, represents USD 700 thousand of a total of USD 2,000 thousand which will be recognized in 2022. There were no remaining performance obligation in 2019 and 2018. The amounts do not include variable considerations. As permitted by IFRS 15, unsatisfied contracts of a duration of one year or less are not required to be disclosed.

Information about major customers

The Company does not have single customers that generate 10% or more of the entity's total revenue.

Revenue by geography

In presenting the geographic information, revenue has been based on the geographic location of customers.

USD in thousands	2020	2019	2018
USA and Canada	14,016	3,906	1,004
Europe	12,320	3,018	578
Asia Pacific	2,618	874	210
Latin America and The Caribbean	1,298	425	88
Africa, The Middle East, and India	780	241	60
Total revenue and other operating income	31,034	8,464	1,941

Note 6 Employee benefit expense

Accounting principles

Pension plans

The Group has a defined contribution plan for some of its employees. The Group's payments are recognized in the profit or loss as an employee benefit expenses for the year to which the contribution applies.

Specification of employee expenses

USD in thousands	2020	2019	2018
Salaries and wages	11,875	6,791	5,998
Social security tax [1)]	15,690	4,209	2,465
Share based payments	3,069	524	534
Pension expenses	304	118	108
Other benefits	686	500	489
Total	31,625	12,142	9,593
[1)] Of which social security tax related to share based payments	14,211	3,257	1,679
Average full-time employees	139	81	55

See note 17 for further description of share-based payments.

Pensions

The Group's Norwegian entities are obligated to follow the stipulations in the Norwegian Mandatory Occupational Pensions Act. The Group's pension scheme adheres to the requirements, as set in the Act.

The pension rights of the Group's employees vary between the legal entities. However, all plans are defined contribution plans. The defined contribution plans had 172 members in 2020, 89 in 2019 and 55 in 2018.

Note 7 Other operating expenses

Other operating cost consists of the following:

USD in thousands	2020	2019	2018
IT and hosting services	3,833	2,566	1,891
Consulting services	5,040	1,874	895
Other operating expenses	1,687	1,351	1,373
Transaction costs	540	347	-
IPO listing preparation cost	453	-	-
Total other operating expenses	11,553	6,138	4,158

Specification of auditors' fees:

USD in thousands	2020	2019	2018
Statutory audit	28	10	4
Other assurance services	42	26	-
Tax advisory services	4	1	4
Total	75	38	8

Note 8 Financial items

USD in thousands	2020	2019	2018
Interest income	372	347	109
Financial income	372	347	109
Interest expenses	125	92	10
Other financial expenses	204	164	11
Financial expenses	329	255	21
Net change in fair value of finanical instruments	848	-	-
Net foreign exchange gains (losses)	(17,510)	(224)	(70)
Net financial items	(16,619)	(133)	18

Note 9 Tax

Accounting principles

Income tax expenses consist of taxes payable and changes to deferred tax. Tax is recognized in the profit or loss, except to the extent that it relates to items recognized in other comprehensive income/(loss) or directly in equity.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax assets and liabilities are calculated on the basis of temporary differences between the carrying amount of assets and liabilities in the financial statement and their tax basis, together with tax losses carried forward at the balance sheet date. Deferred tax assets and liabilities are calculated based on the tax rates and tax legislation that are expected to apply when the assets are realized or the liabilities are settled, based on the tax rates and tax legislation that have been enacted or substantially enacted on the balance sheet date.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available, against which the assets can be utilized. Deferred tax assets and liabilities are not discounted. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity. The entities included in the consolidated financial statements are subject to income tax in the countries where they are domiciled.

Descriptions

Specification of income tax

USD in thousands	2020	2019	2018
Income tax payable	(324)	-	-
Deferred tax income	(332)	(44)	-
Total income tax expense	(656)	(44)	-

Specification of deferred tax balances

USD in thousands	2020	2019	2018
Intangible assets	42	32	9
Social security contribution on share-based payments	3,982	1,061	362
Other temporary differences	25	12	(5)
Tax losses carried forward	12,816	5,725	3,472
Total deferred tax assets relating to temporary differences and losses	16,865	6,830	3,838
Non-recognized deferred tax assets	(16,865)	(6,830)	(3,838)
Carrying value deferred tax assets	-	-	-
Intangible assets	(5,843)	(1,346)	-
Carrying value deferred tax liabilities	(5,843)	(1,346)	-

Changes in deferred tax liabilities

USD in thousands	2020	2019	2018
Deferred tax liabilities as of 1 January	1,346	-	-
Recognized in the statement of profit/(loss)	(332)	(44)	-
Acquistions of subsidiaries	4,674	1,342	-
Translation differences	156	48	-
Deferred tax liabilities as of 31 December	5,843	1,346	-

Reconciliation of effective tax rate

USD in thousands	2020	2019	2018
Net income/(loss) before tax	(35,136)	(12,519)	(13,023)
Expected income tax assessed at the tax rate for the Parent company 22 % (2018 - 23%)	(7,730)	(2,754)	(2,995)
Adjusted for the tax effect of the following items:			
Permanent differences	787	115	123
Change in unrecognized deferred tax asset adj for acquisitions	6,521	2,326	2,202
Change in valuation of acquired deferred tax benefit	(206)	362	-
Other	(28)	(92)	671
Income tax expense (income)	(656)	(44)	(0)
Effective tax rate	1.9%	0.4%	0.0%

The majority of tax losses carried forward relate to the companies in Norway and Denmark, due to this, there are no time-limit related to when the tax losses may be utilized.

Note 10 Earnings Per Share (EPS)

Accounting principles

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the period.

The calculation of diluted earnings per share is consistent with the calculation of the basic earnings per share, but at the same time gives effect to all dilutive potential ordinary shares that were outstanding during the period, by adjusting the profit/loss and the weighted average number of shares outstanding for the effects of all dilutive potential shares, for example:

- The profit or loss for the period attributable to shares is adjusted for changes in profit or loss that would result from the conversion of the dilutive potential ordinary shares.
- The weighted average number of shares is increased by the weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all dilutive potential ordinary shares.

Description

The calculations of earnings per share attributable to the ordinary equity holders of Kahoot! AS are based on the following net profit/(loss) and share data:

	2020	2019	2018
Basic earnings per share (USD)	-0.09	-0.03	-0.04
Diluted earnings per share (USD)	-0.09	-0.03	-0.04
Profit/(loss) for the year			
used for calculating basic EPS (USD in thousands)	-34,481	-12,475	-13,023
used for calculating diluted EPS (USD in thousands)	-34,481	-12,475	-13,023
Weighted average number of shares used as the denominator in calculating basic EPS	403,356,633	358,774,126	304,664,778
Weighted average number of shares outstanding for diluted EPS *	403,356,633	358,774,126	304,664,778

* The Company has 20 081 975 potential dilutive shares from share options outstanding, that can become dilutive in future periods.

Note 11 Intangible assets

Accounting principles

Intangible assets acquired separately that have a finite useful life are carried at cost less accumulated amortization and any impairment charges. Amortization is calculated on a straight-line basis over the assets' expected useful life and adjusted for any impairment charges.

Internally generated intangible assets

Expenditures on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, are recognized in profit or loss as incurred. Expenditures on development activities are capitalized, if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

Capitalized development costs include costs directly attributable to development of the intangible, such as personnel expenses and consultancy services. Otherwise, such expenses are expensed as and when incurred.

Following the commercialization of Kahoot!'s learning platform in 2018, the Company has moved into a maintenance phase for the platform. Until the commercial launch all development was capitalized. After the commercial launch the cost are expensed as the main expenses incurred relate to improvements to the user interface of the Kahoot! platform on its website and mobile app and adjusting the platform based on technical issues which arise during use.

As per date of these financial statements the Group had no systems to identify maintenance cost vs development costs. It will not be possible to use hindsight to identify any development costs and development costs might have been expensed in 2018, 2019 and 2020 as the cost cannot be reliably measured. It will require judgement to identify projects that might qualify for capitalization and the timing of capitalization (when the requirements for capitalization are present).

The expensed cost related to research, development and maintenance of the technology amounted to USD 5,574 thousand in 2020 (USD 4,343 thousand in 2019 and USD 2,991 thousand in 2018).

USD in thousands	Internally generated intangible assets	Technology	Brands	Other	Total
Cost					
Cost at 1 January 2018	4,708	-	-	285	4,993
Additions	-	-	-	-	-
Exchange differences	(262)	-	-	(16)	(278)
Cost at 31 December 2018	4,446	-	-	269	4,715
Additions	-	-	-	-	-
Acquisition of business (note 4)	-	4,065	2,034	-	6,099
Exchange differences	(46)	151	73	(3)	175
Cost at 31 December 2019	4,400	4,216	2,108	266	10,989
Additions	-	-	-	-	-
Acquisition of business (note 4)	-	25,010	1,399	-	26,410
Exchange differences	128	955	107	8	1,197
Cost at 31 December 2020	4,528	30,181	3,613	274	38,596
Amortization and impairment					
Accumulated at 1 January 2018	-	-	-	82	82
Amortization for the year	950	-	-	32	982
Exchange differences	(61)	-	-	(7)	(67)
Accumulated at 31 December 2018	889	-	-	108	997
Amortization for the year	878	200	-	20	1,097
Exchange differences	(7)	1	-	(1)	(8)
Accumulated at 31 December 2019	1,760	200	-	127	2,087
Amortization for the year	821	1,030	28	19	1,897
Exchange differences	136	100	2	(0)	238
Accumulated at 31 December 2020	2,716	1,330	30	145	4,222
Carrying amount at 31 December 2018	3,557	-	-	161	3,718
Carrying amount at 31 December 2019	2,640	4,015	2,108	139	8,902
Carrying amount at 31 December 2020	1,811	28,851	3,583	129	34,373
Amortization method	Linear	Linear	Linear	Linear	
Estimated useful life	5 years	7 years	5 years - Indefinite	10 years	

Brands from different acquisitions are assessed to have different useful lifetime. Brands relating to DragonBox (carrying amount of USD 1,723 thousand as of 31.12.2020) and Poio (carrying amount of USD 446 thousand as of 31.12.2020) are assumed to have indefinite useful life, whereas brands relating to acquisitions of Actimo (carrying amount of USD 329 thousand as of 31.12.2020) as and Drops (carrying amount of USD 1,085 thousand as of 31.12.2020) are assumed to have respectively five- and seven-years useful life. Brands with definite useful lifetime are amortized over useful life. The brands with definite lifetime have been amortized in 2020 with USD 16 thousand and USD 12 thousand respectively for Actimo and Drops. Brands with indefinite useful lifetime are tested annually for impairment.

Technology has been amortized in 2020 with USD 455 thousand for DragonBox (USD 162 thousand in 2019), Poio with USD 106 thousand (USD 38 thousand in 2019), Actimo with USD 276 thousand and Drops with USD 193 thousand.

Note 12 Goodwill and impairment

Accounting principles

Goodwill

Goodwill does not generate cash flows independently of other assets or groups of assets, and is allocated to the cash-generating units expected to benefit from the synergies of the combination that gave rise to the goodwill. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. By the end of 2020, the goodwill relates entirely to the acquired companies in 2019 (DragonBox and Poio) and 2020 (Actimo and Drops). DragonBox and Poio have during 2020 been integrated into the Kahoot! platform and synergies are started to realize. Consequently, they are not separate cash generating units. Additional cash generating units will be Actimo and Drops as the goodwill are not integrated yet as the synergies is not realized. These cash generating unit needs to be reassessed later.

Impairment of assets

Cash-generating units to which goodwill has been allocated, are tested for impairment annually or more frequently if there is any indication that the cash-generating unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets not yet brought into use are assessed for impairment annually. If it is not possible to estimate the recoverable amount of an individual asset, the group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit to which the asset belongs.

Description

The Group has goodwill and intangible assets related to the acquisitions of DragonBox and Poio in 2019 and Actimo and Drops in 2020, see note 4. Goodwill in the acquisitions of DragonBox, Poio, Actimo and Drops are all allocated to Kahoot! Group level. The expected synergies from these acquisitions are expected to be realized at Kahoot! Group level through the integration of these products in the Kahoot! subscriptions. As soon as the acquired products are integrated, it is not possible to identify separate cash inflows as cash flow from the Kahoot! subscriptions are not identifiable.

USD in thousands	2019	Acquisition	Exchange difference	2020
Kahoot!	20,096	55,104	2,545	77,745
Total goodwill	20,096	55,104	2,545	77,745

Impairment test 2020

Goodwill was tested for impairment at the end of 2020. No impairment losses were identified in 2020, as the determined recoverable amount was above the carrying value.

When testing goodwill, management used a 5-year discounted cash flow. The following key assumptions were used for the value-in-use calculations:

Kahoot!

- Revenue growth rate in the beginning of the period exceeds 100% and declines to below 50% in the period, and during the first 5 years in the terminal period declines further to 1.5%
- EBITDA margin improving to 40%, where it remains constant in the terminal period. The EBITDA improvement is based on the scalability in the software model driven by the revenue growth.
- WACC: 8.5%

Sensitivity analysis

The Group has prepared a sensitivity analysis of the impairment tests to changes in the key assumptions which are terminal growth rate and discount rate. Any reasonably possible changes in the key assumptions would not cause the aggregate carrying amount exceeding the recoverable amount. A sensitivity analysis indicates that goodwill values would be justifiable even if the terminal growth rate were to fall below one percent. Impairment testing has indicated no existing impairment requirements for goodwill.

Note 13 Property, plant and equipment

Accounting principles

Property, plant and equipment are stated at historical cost, less accumulated depreciation and any impairment charges. Depreciation is calculated on a straight-line basis over the assets' expected useful life and adjusted for any impairment charges. Ordinary repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in operating profit. Major assets with different expected useful lives are reported as separate components.

Property, plant and equipment are reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount.

The difference between the asset's carrying amount and its recoverable amount is recognized in the profit or loss statement as an impairment loss. Property, plant and equipment that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

USD in thousands	Equipment and fixtures
Cost at 1 January 2018	127
Additions	153
Disposals	(28)
Exchange differences	(7)
Cost at 31 December 2018	245
Additions	230
Acquisition of business (note 4)	18
Exchange differences	(3)
Cost at 31 December 2019	490
Additions	214
Acquisition of business (note 4)	45
Exchange differences	(20)
Cost at 31 December 2020	729
Depreciations and impairment	
Accumulated at 1 January 2018	71
Depreciations for the year	39
Exchange differences	(6)
Accumulated at 31 December 2018	104
Depreciations for the year	73
Exchange differences	(1)
Accumulated at 31 December 2019	177
Depreciations for the year	125
Exchange differences	18
Accumulated at 31 December 2020	320
Carrying amount at 31 December 2018	140
Carrying amount at 31 December 2019	313
Carrying amount at 31 December 2020	409
Depreciation method	Linear
Estimated useful life	3 to 5 years

Note 14 Leasing

Accounting principles

The Group implemented IFRS 16 as of the date of transition to IFRS, 1 January 2018.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. The lease agreements do not impose any covenants.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments. Currently the company has one long-term lease contract, which relates to the head-office.

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses a build-up approach that starts with a risk-free interest rate similar to the length of the lease adjusted for margin relevant for the company and the assets held by the Group.

The Group is exposed to potential future increases in variable lease payments based on an index, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The right-of-use assets are reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

The head office lease agreements include termination option and extension options. The termination option includes a significant fee. It is the management intention to not early terminate the contract. Further, due to the significant growth, they will need more space going forward and no extension is expected.

Description

Description
The Group's lease agreements include the head office and hosting agreements for specific servers. The head office lease was entered into in the end of 2018. Average incremental borrowing rate is 2.9%. Hosting agreements are defined as short-term leases and not recognized as part of the right-of-use assets and lease liabilities.

Hosting agreements for physical servers are short-term as the contracts is perpetual and can be cancelled within a few months by both parties. There are no cancellation fees involved.

Amounts recognized in the balance sheet

USD in thousands	31.12.2020	31.12.2019	31.12.2018
Buildings	3,165	3,078	3,416
Total right-of-use assets	3,165	3,078	3,416
Useful life	2-7 years	7 years	7 years
Depreciation method	Straight-line	Straight-line	Straight-line

Lease liabilities

USD in thousands	31.12.2020	31.12.2019	31.12.2018
Current	964	601	551
Non-Current	2,312	2,561	2,915
Total lease liability	3,276	3,162	3,466

Amounts recognized in the statement of profit or loss

USD in thousands	2020	2019	2018
Depreciation of right of use asset	559	495	45
Interest expense	78	91	9
Expenses relating to short-term leases	374	340	250
Expenses relating to leases of low-value	6	6	-

Maturity profile lease liability

USD in thousands	Less than 1 year	1-3 years	3-5 years	Over 5 years	Total contractual cash flows
Lease liabilities 31 December 2020	980	1,418	1,070	-	3,468
Lease liabilities 31 December 2019	608	1,215	1,126	469	3,418
Lease liabilities 31 December 2018	557	1,114	1,114	1,021	3,806

Reconciliation of lease financing activities

USD in thousands	2020	2019	2018
Opening balance 1 January	3,162	3,466	-
Cash flow	-615	-552	-
New leases	605	194	3,458
Other non-cash changes	124	53	8
Closing balance 31 December	3,276	3,162	3,466

Note 15 Trade receivables

Accounting principles

Trade receivables are initially measured at fair value. Trade receivables are non-interest bearing and trading terms range from 0 to 60 days and therefore classified as current. The receivables are subsequently measured at amortized cost using the effective interest method, if the amortization effect is material, less loss allowance.

Due to the short-term nature of the trade receivables, their carrying amount is considered to be the same as the transaction price.

Loss allowance and risk exposure

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on payments profiles and customer contracts in the previous years. The majority of the Group's revenue is invoiced annually in advance with immediate payment through automated sales.

Receivables are grouped into categories and the expected loss rates reflect the Group's ability on collecting once receivables are overdue. The Group is in an early stage of its commercial journey and prior to 2019 there was no history to prove an expected loss rate model. The losses in 2018 were recognized according to the receivables written off.

Description

USD in thousands	2020	2019	2018
Trade receivables	2,713	1,379	378
Loss allowance	(42)	(57)	-
Total trade receivables, net	2,671	1,322	378

The basis for the loss allowance was determined as follows:

USD in thousands	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected loss rate	1.0 %	2.0 %	5.0 %	50.0 %	
Gross carrying amount - trade receivables	2,319	234	145	15	2,713
Loss allowance - trade receivables	23	5	7	8	42

Movements in the provision for expected credit losses:

USD in thousands	2020	2019	2018
Balance at the beginning of the year	57	-	-
Provision for expected credit losses	375	145	121
Amounts written off during the year as uncollectable	(375)	(89)	(121)
Impairment losses reversed	(15)	-	-
Balance at the end of the period	42	57	-

Note 16 Cash and cash equivalents

Accounting policies

Cash and cash equivalents include bank deposits. Cash and cash equivalents in foreign currencies are translated at closing rate. The cash flow statement is presented using the indirect method.

Description

USD in thousands	2020	2019	2018
Bank deposits	256,120	40,851	27,843
Total cash and cash equivalents	256,120	40,851	27,843
Restricted cash included in the above:			
Withholding tax in relation to employee benefits	538	1,129	188
Other	470	450	8

Note 17 Share-based payments

Accounting policies

Share-based payment

Share-based compensation benefits are provided to employees.

Equity-settled, share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the grant date. The fair value is expensed over the vesting period as an employee benefit expense, with a corresponding increase in equity. The vesting period is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest, based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The fair value at the grant date is determined using the Black-Scholes-Merton option pricing model, which takes into account the exercise price, the life of the option, the current price of the underlying shares, the expected volatility of the share price, any dividends expected on the shares and risk-free interest rate for the life of the option. The expected share price volatility is based on historical volatility for a selection of comparable listed companies adjusted with a premium taking into account the maturity of the peers compared to the Group. The risk-free interest rate is based on zero-coupon government bonds with a term equal to the expected term of the option being valued.

Social security contributions payable in connection with an option grant are considered an integral part of the grant itself. The charges are treated as cash-settled, share-based payments and re-measured at each reporting date.

When the options are exercised, the appropriate number of shares are transferred to the employee. The proceeds received from the exercise of the options (net of any directly attributable transaction costs) are credited directly to equity.

Components of share-based payments in profit or loss:

USD in thousands	2020	2019	2018
Share options - equity settled (note 6)	3,069	524	534
Social security tax share options - cash settled (note 6)	14,210	3,257	1,679
Total	17,280	3,780	2,213

Share-based payments

The Company has had a long-term share incentive scheme for employees in the Company and its subsidiaries since 2015. Selected employees are, on an individual basis, granted rights to acquire shares (options). Each option gives the holder the right to, 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 exercise prices are set by the Company.

The share options vest over a four-year period, provided the employee is still employed by the Group.

Parameters connected to share options granted

Granted instruments	2020	2019	2018
Quantity 31.12 (instruments)	7,630,500	1,836,000	2,163,000
Quantity 31.12 (shares)	7,630,500	1,836,000	2,163,000
Contractual life*	4.63	4.62	4.55
Exercise price (NOK)*	47.59	8.21	2.21
Share price (NOK)*	42.99	8.66	3.65
Expected lifetime*	2.76	3.12	3.12
Volatility*	47%	45%	45%
Interest rate*	0.20%	1.22%	1.09%
Dividend*	-	-	-
FV per instrument*	14.48	3.12	1.97
Vesting conditions	Service	Service	Service

*Weighted average parameters at grant of instrument

Outstanding instruments

		31 December 2020		31 December 2019		31 December 2018	
Grant	Exercise price (NOK)	Number of instruments outstanding 1)	Remaining contractual life 2)	Number of instruments outstanding 1)	Remaining contractual life 2)	Number of instruments outstanding 1)	Remaining contractual life 2)
2015 program	0.58	-	-	60,000	1.00	60,000	2.00
2016 program	1.00	-	-	30,000	1.00	30,000	2.00
2017 program	1.67	10,471,725	1.75	15,931,125	2.75	21,211,125	3.75
2018 program	3.33	233,000	2.75	255,000	3.75	255,000	4.75
2018 program	6.67	1,029,250	2.87	750,000	3.87	135,000	4.75
2018 program	6.67	-	-	471,000	3.77	15,000	4.75
2019 program	8.33	522,500	3.67	555,000	4.67		
2019 program	10.00	82,500	3.92	60,000	4.86		
2019 program	13.33	15,000	3.92	30,000	4.92		
2019 Program	16.00	1,022,250	3.25				
2019 Program	16.67	150,000	3.92	150,000	4.92		
2020 Program	20.00	1,284,750	3.37				
2020 Program	28.00	300,000	4.43				
2020 Program	31.00	82,499	4.51				
2020 Program	36.00	50,416	4.69				
2020 Program	37.00	1,509,744	4.76				
2020 Program	50.00	208,998	4.87				
2020 Program	56.00	2,414,083	4.92				
2020 Program	3)	705,260					
Total		20,081,975		18,292,125		21,706,125	

1. The share option numbers and exercise price are reflecting the 1:20 share split in July 2018, and 1:3 share split in June 2020, as further described in note 18 and 26.
2. Weighted average remaining contractual life of options outstanding at end of period.
3. Exercise price is determined on basis of price quoted for trades in the Company's shares prior to the date of the Company's annual general meeting in 2021.

Quantity and weighted average prices

Activity	2020 Number of instruments 1)	2020 Weighted average exercise price (NOK)	2019 Number of instruments 1)	2019 Weighted average exercise price (NOK)	2018 Number of instruments 1)	2018 Weighted average exercise price (NOK)
As of 1 January	18,292,125	2.38	21,706,125	1.72	19,543,125	1.66
Granted during the year	7,630,500	47.51	1,866,000	8.21	2,163,000	2.21
Exercised during the year [2)]	(5,539,347)	1.82	(5,190,000)	1.67	-	0.00
Forfeited during the year	(301,303)	3.93	(90,000)	1.67	-	0.00
Outstanding at 31 December	20,081,975	19.68	18,292,125	2.38	21,706,125	1.72
Vested per 31 December	9,190,141		8,961,721		8,470,249	

[1] The share option numbers and exercise price are reflecting the 1:20 share split in July 2018, and 1:3 share split in June 2020, as further described in note 18 and 26.

[2] The instruments were exercised at a share price of NOK 35.50 and NOK 46.00 in 2020 and NOK 12.67 in 2019.

Note 18 Equity

Share capital and share premium

Kahoot! AS only has one class of shares and all shares have the same voting rights. The shareholders are entitled to receive dividends as and when declared and are entitled to one vote per share at General Meetings of the Company.

	Number of shares	Share capital (NOK)	Share capital (USD)
Balance at 1 January 2018	4,265,110	426,511	51,982
Issued during the year	111,652,090	11,165,209	1,361,971
Currency effects from translation of equity			(79,808)
Balance at 31 December 2018	115,917,200	11,591,720	1,334,145
Issued during the year	13,442,296	1,344,230	147,944
Currency effects from translation of equity			(8,796)
Balance at 31 December 2019	129,359,496	12,935,950	1,473,293
Issued during the year	316,732,471	31,673,247	3,420,652
Currency effects from translation of equity			334,145
Balance at 31 December 2020	446,091,967	44,609,197	5,228,090

The share capital is fully paid and has a par value of NOK 0.10.

At the Extraordinary General Meeting of Kahoot! AS on 14 January 2021, the Board of Directors were authorized to increase the share capital in connection with mergers, acquisitions, equity raises and exercise of options.

Information relating to the Group's Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of each reporting period, is set out in note 17.

The table below shows the development in the Company's share capital for the period covered by the historical financial information and up to the date of this Annual Report:

Date of registration	Type of change	Change in share capital (NOK)	New share capital (NOK)	Nominal value (NOK)	Number of total issued shares	Subscription price per share (NOK)
26 Mar 18	Share capital increase	1,400	427,911	0.1	4,279,110	35/60[1]
9 Apr 18	Share capital increase	100,000	527,911	0.1	5,279,110	35/100/150[2]
16 Jul 18	Share capital increase and share split	10,030,309	10,558,220	0.1	105,582,200	N/A[3]
1 Nov 18	Share capital increase	550,000	11,108,220	0.1	111,082,200	23
7 Jan 19	Share capital increase	450,000	11,558,220	0.1	115,582,200	5
7 Mar 19	Share capital increase	33,500	11,591,720	0.1	115,917,200	1.75/5[4]
23 May 19	Share capital increase	42,000	11,633,720	0.1	116,337,200	5[5]
3 Sep 19	Share capital increase	138,366	11,772,086	0.1	117,720,860	25
12 Sep 19	Share capital increase	386,864	12,158,950	0.1	121,589,496	25
13 Nov 19	Share capital increase	777,000	12,935,950	0.1	129,359,496	38/5/3/1.75[6]
8 Jun 20	Share capital increase and share split	25,871,899	38,807,849	0.1	388,078,488	N/A[7]
16 Jun 20	Share capital increase	1,141,178	39,949,026	0.1	399,490,263	35.5/6.667/ 3.3333, 1.6667/1[8]
6 Oct 20	Share capital increase	111,496	40,060,523	0.1	400,605,226	46.82
13 Oct 20	Share capital increase	4,462,757	44,523,280	0.1	445,232,798	46/8.3333/6.6667/1.6667/0.58
4 Dec 20	Share capital increase	85,917	44,609,197	0.1	446,091,967	62.63

1. Exercise of options for employees (12,500 shares were subscribed for at a subscription price of NOK 35, whereas 1,500 shares were subscribed for at a subscription price of NOK 60).
2. Private placement directed towards selected investors (865,000 shares were subscribed for at a subscription price of NOK 150) and exercise of options for employees (60,000 shares were subscribed for at a subscription price of NOK 35, whereas 75,000 shares were subscribed for at a subscription price of NOK 100).
3. Transfer from other equity to share capital. Share split 1:20 creating 100,303,090 new shares.
4. Exercise of options for employees (100,000 shares were subscribed for at a subscription price of NOK 1.75, whereas 235,000 shares were subscribed for at a subscription price of NOK 5).

5. Exercise of options for employees (420,000 shares were subscribed for at a subscription price of NOK 5).
6. Private placement directed towards selected investors (6,000,000 shares were subscribed for at a subscription price of NOK 38) and exercise of options for employees (whereas 1,730,000 shares were subscribed for at a subscription price of NOK 5, whereas 20,000 shares were subscribed for at a subscription price of NOK 3 and 20,000 shares were subscribed for at a subscription price of NOK 1.75).
7. Transfer from other equity to share capital. Share split 1:3 creating 258,718,992 new shares.
8. Private placement directed towards selected investors (7,500,000 shares were subscribed for at a subscription price of NOK 35.5) and exercise of options for employees (46,875 shares were subscribed for at a subscription price of NOK 6.6667, 15,000 shares were subscribed for at a subscription price of NOK 3.3333, 3,819,900 shares were subscribed for at a subscription price of NOK 1.6667 and 30,000 shares were subscribed for at a subscription price of NOK 1).

Share-based payments reserves

The share-based payments reserve represents the offsetting amount to employee expense. The reserve is fully distributable.

Foreign currency translation reserves

Exchange differences arising on the translation of the foreign entities are recognized in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Note 19 Trade and other payables

Accounting principles

Financial liabilities regularly give rise to a redemption obligation in cash or another financial asset. These include, among others, trade payables.

Upon initial recognition, financial liabilities are measured at fair value. The transaction costs directly attributable to the acquisition are also recognized for all financial liabilities that are not subsequently measured at fair value through profit or loss. Trade payables and other non-derivative financial liabilities are generally measured at amortized cost using the effective interest method. A financial liability is derecognized when the obligation underlying the liability is discharged, canceled or expired.

Determination of fair value of financial instruments

The fair value of financial instruments is based on quoted prices as at the balance sheet date in an active market, if such markets exist. If an active market does not exist, fair value is established by using valuation techniques that are expected to provide a reliable estimate of the fair value. Financial instruments measured at fair value are classified according to the valuation method:

- Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Valuation based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Valuation based on inputs for the asset or liability that are unobservable market data. If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

Changes in fair value are presented in profit or loss in the line-item Financial expenses.

Critical accounting estimates

Measurement of the contingent liabilities relating to the acquisitions in 2020 required the use of critical judgements and significant estimates when valuing the liability. The nominal value of contingent liabilities is determined by certain criteria and thresholds achieved after the close of the acquisitions. The earn-out relating to Actimo is determined based on the Annual Recurring Revenue (ARR) as of 31 March 2021. The earn-out relating to Drops is determined based on invoiced revenue targets in 2020, 2021 and 2022 subject to a net cash flow conversion condition. Given the contingent liability will be determined and settled in the future, the nominal value is discounted to present value. The discount rate is estimated using the risk-free rate in which the acquired companies operate, market premium, asset beta, small stock and country risk premium. It is assumed that equity financing is the optimal capital structure as of reporting date.

Description

USD in thousands	2020	2019	2018
Trade payables	1,817	940	175
Other current liabilities	35,111	7,616	2,378
Total current trade and other payables	36,928	8,556	2,553
Other non-current payables	15,447	-	-
Total trade and other payables	52,375	8,556	2,553

Contingent liability (earn-out) relating to the two acquisitions in 2020 is USD 27,344 thousand, of which USD 15,182 thousand is non-current. Contingent liability is presented within other non-current payables and other current payables. The contingent liability is measured at fair value through profit and loss. Net change in fair value for the period is USD 848 thousand and presented in the consolidated statement of profit or loss as net change in fair value of financial instruments. The earnout is measured according to level 3 in the hierarchy.

The main level 3 inputs used in assessing the fair value of the earnout is forecast of probability of cash outflow and discount rate. The discount rates applied for Actimo and Drops are respectively 12.9% and 12.4%.

Note 20 Financial risk management

The most significant financial risks which affect the Group are credit risk, liquidity risk and market risk related to foreign exchange rate risk, described further below. Management performs continuous evaluations of these risks and related processes established to manage them within the Group.

Risk	Exposure arising from	Measurement
Market risk - foreign exchange	Future commercial transactions. Recognized financial assets and liabilities not denominated in the functional currency.	Cash flow forecasting. Sensitivity analysis.
Credit risk	Cash and cash equivalents, and trade receivables	Aging analysis. Credit ratings.
Liquidity risk	Current liability	Rolling cash flow forecasts

Financial instruments

USD in thousands	2020	2019	2018
Financial instruments measured at amortised cost:			
Trade receivables	2,671	1,322	378
Cash and cash equivalents	256,120	40,851	27,843
Other current assets	3,316	599	614
Trade payable	-1,817	-940	-175
Other non-current liabilities	-265	-	-
Other current liabilities	-22,949	-7,616	-2,378
Net financial instruments measured at amortised costs	237,077	34,217	26,282
Financial instruments measured at fair value through profit or loss:			
Other non-current liabilities (see note 19)	-15,182	-	-
Other current liabilities (see note 19)	-12,162	-	-
Net financial instruments measured at fair value through profit or loss	-27,344	-	-
Total net financial instruments	209,733	34,217	26,282

All financial instruments measured at fair value through profit or loss is categorized within level 3 valuation method. Non-financial assets and liabilities are excluded from the table.

Market Risk

Market Risk - Foreign exchange

The Group presents its financial statements in USD. The Group operates in Denmark, Estonia, Finland, France, Norway, Spain, United Kingdom and the United States and have costs in local currencies while a major part of the Group's revenues are in USD. With different functional currencies, the Group will be exposed to currency gains and losses on debt and receivables between the companies, which will affect its reported profit or loss. Fluctuations in exchange rates between NOK, USD, DKK, EUR and GBP could materially and adversely affect the Group's business, results of operations, financial condition, cash flow and prospects. The Group does currently not have any currency hedging arrangements in place to limit the exposure to exchange rate fluctuations.

The aggregate net foreign exchange gains/losses recognized in profit or loss were:

USD in thousands	2020	2019	2018
Exchange gains	3,515	325	308
Exchange loss	-21,025	-549	-379
Total net foreign exchange (losses) recognised in profit before income tax for the period	-17,510	-224	-70

The net foreign exchange loss in 2020 was caused by exchange rate differences on foreign currency held in the parent company. The majority of the Group's liquidity is held in USD as this is the expected acquisition currency. The net foreign exchange losses presented in statement of profit or loss are largely reversed through exchange differences on translation to another presentation currency in other comprehensive income, such that total comprehensive income is not affected.

Sensitivity

If the following currencies had strengthened/weakened against the functional currency, it would have had the below effect on the Group's loss:

		Impact profit before tax USD in thousands		
Currency	Change in rate	2020	2019	2018
GBP	+/- 7%	31	2	489
USD	+/- 7%	10,994	39	170
EUR	+/- 7%	74	61	-

Credit risk

The Group's credit risk arises from cash and cash equivalents as well as outstanding receivables. The Group does not have a specific procedure for assessing credit risks for its customers before transactions are entered. The Group does not have significant credit risk associated by a single counterparty. Most of the customers are invoiced through automated sales with immediate credit card payments. Manual sales to schools and enterprises with 30 days payment terms is considered low credit risk.

Cash and cash equivalents: The counterparts for the Groups cash deposits are large banks which are considered to be solid. The group assesses that there are no material credit risks associated with these deposits.

Liquidity risk

The Group monitors liquidity centrally across the group. It is the Group's strategy to have sufficient cash and cash equivalents to at any time fund operations and investments according to the company's strategic plans. The Group monitors its liquidity risk through a short-term and a long-term liquidity forecast to manage the target of a minimum position of cash imposed by the Board of Directors. The Group's financial liabilities are mainly trade payables and other current liabilities.

Capital management

The Group's objectives for capital management are to ensure that it maintains sufficient free liquidity with regards to cash and cash equivalents in order to support its business and obligations as well as having sufficient flexibility to invest in attractive investment opportunities. The Group manages its capital structure in light of changes in economic and actual conditions, and the development in the groups underlying business. The Group's equity ratio exceeded 76% per 31.12.2020. The Group does not have any interest-bearing loans or capital requirements defined by third parties.

Note 21 Related parties

Balances and transactions between the Company and its subsidiaries, which are related parties to the Company, have been eliminated on consolidation, and are not disclosed in this note.

Profit or loss items

USD in thousands

Related party	Relationship	Type of services	2020	2019	2018
Glitrafjord AS	Owned by the CEO	Admin. and consulting services	285	114	69
Hermia AS	Owned by Chairman	Consulting services	27	-	-
Total related party profit or loss items			312	114	69

The amounts in the table above are presented within other operating costs.

The Group did not have any related party transactions that are recognized in the balance sheet at the end of each year presented herein.

Key management remuneration

	2020		2019			2018	
USD in thousands	CEO	Other key mgmt.	CEO from 01.12.19	CEO until 30.11.19	Other key mgmt.	CEO	Other key mgmt.
Short-term employee benefits	187	664	11	139	405	153	421
Post-employment benefits	3	11	-	2	7	3	8
Termination benefits	-	-	-	-	-	144	-
Other benefits	1	12	-	1	11	62	79
Share based payments	0	4,839	-	6	36	21	52
Total key management comp.	190	5,525	12	149	459	383	561

The CEO has 6 months' notice period and 6 months' severance pay.

In 2019, the former CEO received USD 700 thousand from the exercise of vested employee options. In 2018, the former CEO received USD 1,300 thousand from the exercise of vested employee options.

No board remuneration was paid in 2020, 2019 or 2018.

Number of shares held by the key management and the Board of Directors

	2020 Shares	2019 Shares	2018 Shares
Eilert Hanoa (Chairman until Nov 2019, then CEO) [1]	39,208,910	34,172,220	30,929,160
Åsmund Furuseth (CEO until Nov 2019) [2]	7,606,000	9,156,000	9,156,000
Morten Versvik (CTO) [3]	12,962,076	13,862,076	15,071,241
Lars Erik Grønntun [9]	1,119,960		
Ken Østreng	45,000		
Mads Rebsdorf [4]	100,000		
Harald Amet (Chairman of the Board) [5]	52,130,865	52,130,865	47,657,610
Carl Jöran Fredrik Cassel (Member of the Board) [6]	20,000,000	33,133,260	33,133,260
Mikael David Kotting (Member of the Board) [7]	12,000,000	46,733,280	46,733,280
Sindre Svendsen Østgård (Member of the Board) [8]	20,000	60,000	60,000
Stefan Blom (Member of the board)	50,000		

The share numbers are reflecting the 1:20 share split in July 2018, and 1:3 share split in June 2020, as further described in note 18 and 26.

1. Hanoa holds shares through Glitrafjord AS, which is controlled by Hanoa.
2. Furuseth holds shares through Newbrott AS, which is controlled by Furuseth.
3. Versvik holds shares through Versvik Invest AS, which is controlled by Versvik
4. Rebsdorf holds shares through MREB Invest AS, which is controlled by Rebsdorf.
5. Arnet is a representative of Datum Group
6. Cassel is a representative of Creandum.
7. Kotting is a representative of Northzone.
8. Østgård holds shares through Konsern AS, which is controlled by Østgård.
9. Grønntun holds shares through Eikum AS, which is controlled by Grønntun.

Stefan Blom, member of the board, holds 300,000 options.

Share options management

For a description of the share-option program, see note 17.

The share option numbers and exercise price are reflecting the 1:20 share split in July 2018, and 1:3 share split in June 2020.

Share options 2020	Granted	Vested	Exercised	Total outstanding	Whereof exercise price not decided	Weighted average exercise price**	Remaining contractual life *)
Eilert Hanoa (CEO)	600,000	37,500	-	750,000	150,000	19.2	3.48
Morten Versvik (CTO)	100,000	118,750	-750,000	250,000	0	23.4	3.02
Åsmund Furuseth (CPO)	100,000	75,000	-500,000	200,000	0	28.8	3.34
Lars Erik Grønntun (CMO-COO)	750,000	-	-	750,000	93,750	20.0	3.37
Ken Østreng (CFO)	600,000	-	-	600,000	75,000	16.0	3.25
Mads Rebsdorf (CRO)	400,000	-	-	400,000	100,000	37.0	4.75

Share options 2019	Granted	Vested	Exercised	Outstanding	Weighted average exercise price	Remaining contractual life *)
Eilert Hanoa (CEO from 1.12.2019)	150,000	-	-	150,000	16.67	4.92
Martin Kværnstuen (CFO)	-	493,750	(600,000)	900,000	1.67	2.75
Morten Versvik (CTO)	-	493,750	(600,000)	900,000	1.67	2.75
Åsmund Furuseth (CEO-CPO)	-	275,000	(600,000)	600,000	1.67	2.75

Share options 2018	Granted	Vested	Exercised	Outstanding	Weighted average exercise price	Remaining contractual life *)
Martin Kværnstuen (CFO)	-	718,750	-	1,500,000	1.67	3.75
Morten Versvik (CTO)	-	718,750	-	1,500,000	1.67	3.75
Åsmund Furuseth (CEO)	-	575,000	-	1,200,000	1.67	3.75

* Weighted average remaining contractual life of options outstanding at end of period.

** For outstanding share options where the share option exercise price is determined. Exercise price for remaining share options will be based on 20 days Weighted average exercise price (VWAP) prior to the date of the Company's annual general meeting in 2021.

Note 22 Investments in subsidiaries

Company	Year of acquisition/ incorporation	Registered office	Voting share	Ownership share
Kahoot! EDU Ltd.	2014	United Kingdom	100%	100%
Kahoot! EDU Inc.	2015	United States	100%	100%
Poio AS	2019	Norway	100%	100%
Kahoot DragonBox AS	2019	Norway	100%	100%
Dragonbox Finland Oy	2019	Finland	100%	100%
We Want to Know S.a.r.l	2019	France	100%	100%
Actimo ApS	2020	Denmark	100%	100%
Actimo Communications SL	2020	Spain	100%	100%
PlanB Labs Oü	2020	Estonia	100%	100%
Kahoot! International AS	2020	Norway	100%	100%

Note 23 Shareholder information

Ownership structure

All shares have equal voting rights.

Largest shareholders as of 31 December 2020

Largest shareholders as of 31 December 2020:

Shareholders	Number of shares	% of shares
Goldman Sachs International (SoftBank)	60,009,001	13.5 %
Datum Group	52,130,865	11.7 %
Glitrafjord (CEO)	39,208,910	8.8 %
The Bank Of New York Mellon	20,820,000	4.7 %
Creandum Iii Lp	20,000,000	4.5 %
Citigroup Global Markets Inc.	13,500,000	3.0 %
Versvik Invest As (CTO)	12,962,076	2.9 %
Northzone Ventures Norway As [1]	12,000,000	2.7 %
Newbrott AS (CPO)	7,606,000	1.7 %
State Street Bank And Trust Comp	7,009,988	1.6 %
Goldman Sachs & Co. Llc	5,870,121	1.3 %
Mp Pensjon Pk	5,719,634	1.3 %
Morgan Stanley & Co. Llc	5,488,632	1.2 %
Gamification As	5,297,777	1.2 %
Sanden As	4,340,000	1.0 %
Verdipapirfondet DNB Norden	4,043,446	0.9 %
J.P. Morgan Bank Luxembourg S.A.	3,646,241	0.8 %
J.P. Morgan Bank Luxembourg S.A	3,355,768	0.8 %
Adrian As	3,156,750	0.7 %
Verdipapirfondet DnB Grønt Norden	3,083,035	0.7 %
Total Remaining Shareholders	156,843,723	35.2 %
Total number of shares	446,091,967	100%

[1] On 18 January 2021, Northzone Ventures Norway AS sold 12 million shares. 11 million shares were acquired by a fund managed by SB Management Limited, a 100% directly owned subsidiary of SoftBank Group Corp and 1 million shares were acquired by Glitrafjord, a company wholly owned by CEO Eilert Hanoa through AS Real-Forvaltning AS.

Largest shareholders as of 31 December 2019

Shareholders	Number of shares	% of shares	Post share split
Datum Group	17,376,955	13.4 %	52,130,865
Northzone Ventures Norway AS	15,577,760	12.0 %	46,733,280
Creandum III LP	11,044,420	8.5 %	33,133,260
AS Real-Forvaltning	9,390,740	7.3 %	28,172,220
Microsoft Global Finance	6,940,000	5.4 %	20,820,000
KAM Holding AS	4,779,020	3.7 %	14,337,060
Versvik Invest AS	4,620,692	3.6 %	13,862,076
Citigroup Global Markets Inc.	4,500,000	3.5 %	13,500,000
Newbrott AS	3,052,000	2.4 %	9,156,000
Verdipapirfondet Norge Selektiv	2,886,382	2.2 %	8,659,146
Norda ASA	2,686,386	2.1 %	8,059,158
MP Pensjon PK	2,337,332	1.8 %	7,011,996
Verdipapirfondet DnB Norge	2,251,282	1.7 %	6,753,846
Glitrafjord AS	2,000,000	1.5 %	6,000,000
Gamification AS	1,866,600	1.4 %	5,599,800
Sanden AS	1,424,000	1.1 %	4,272,000
Ekholdt Huynh AS	1,333,140	1.0 %	3,999,420
Verdipapirfondet DnB Norden	1,305,183	1.0 %	3,915,549
Skøien AS	1,125,000	0.9 %	3,375,000
Patrick Marchal AS	1,103,480	0.9 %	3,310,440
Total remaining shareholders	31,759,124	24.6 %	95,277,372
Total number of shares	129,359,496	100%	388,078,488

Largest shareholders as of 31 December 2018

Shareholders	Number of shares	% of shares	Post share split
Northzone VII LP	15,577,760	13.4 %	46,733,280
Datum AS	11,395,870	9.8 %	34,187,610
Creandum III LP	11,044,420	9.5 %	33,133,260
AS Real-Forvaltning	8,309,720	7.2 %	24,929,160
Microsoft Global Finance	6,940,000	6.0 %	20,820,000
Versvik Invest AS	5,023,747	4.3 %	15,071,241
KAM Holding AS	4,779,020	4.1 %	14,337,060
Citigroup Global Markets Inc.	4,670,000	4.0 %	14,010,000
Total remaining shareholders	48,176,663	41.6 %	144,529,989
Total number of shares	115,917,200	100%	347,751,600

Note 24 Contingencies and legal claims

Accounting principles

Contingent liabilities are not recognized in the financial statements. Material contingent liabilities are disclosed, with the exception of contingent liabilities where the probability of the liability occurring is remote.

Description

Neither the Company nor any other company in the Group is involved in or has received notice that it may be involved in any legal proceeding of such importance that they may be of significance for the Company.

Notwithstanding the foregoing, as a result of the nature of its business, the Company and other companies within the Group may from time to time be party to various legal claims and proceedings that arise in the ordinary course of business. Similar to most technology companies with international presence, the Company's international operations expose the Group to differences in foreign trademark, trade dress, copyright, patent and other laws concerning proprietary rights and degree of protection, and may from time to time be subjected to claims and allegation for infringement of third party intellectual property rights in the jurisdictions in which it operates.

As at 9 February 2021, the Group is involved in two disputes relating to alleged infringement of intellectual property rights. (i) TimePlay, Inc, a Canadian-based company, has alleged that certain parts of Kahoot!'s system infringe on certain of TimePlay, Inc's patents. The Company has rejected the allegations and argued that TimePlay, Inc's patent claim can be challenged both on grounds of invalidation and non-infringement. (ii) A former consultant to DragonBox has claimed that DragonBox has utilised the consultant's contribution to the Dragonbox' product "Les Noums CP" in order to improve other DragonBox products which were not intended for the French market. The consultant passed away in November 2020, and any claims against DragonBox will have to be pursued by the former consultant's estate and heirs.

Note 25 Implementation of IFRS

Accounting principles

These financial statements, for the year ended 31 December 2020, are the first the Group has prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU). The implementation of IFRS follows the Group's intention to list on Oslo Stock Exchange. These financial statements will be published at the Group's website and in the prospectus. For the year ended 31 December 2019, the Group prepared its financial statements in accordance with Norwegian Generally Accepted Accounting Principles (NGAAP).

The Group has prepared consolidated financial statements that comply with IFRS as endorsed by the European Union (EU) applicable as at 31 December 2020, together with the comparative period data for the year ended 31 December 2019 and the year ended 31 December 2018, as described in general accounting principles and relevant notes.

In preparing the financial statements, the Group's opening statement of financial position was prepared as at 1 January 2018, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its NGAAP financial statements. For the 1 January and 31 December 2018 there are no published financial statements for the Group as this was not a requirement under Norwegian Accounting Law. The figures under NGAAP were presented in NOK. As part of the implementation of IFRS the Group changed its presentation currency to USD.

Reconciliation of Assets, Liabilities and Equity

For the period ended 31 December 2019	Note	NGAAP (NOK 1,000)	Effect of transition to IFRS (NOK 1,000)	IFRS (NOK 1,000)	IFRS (USD 1,000)
ASSETS					
Non-current assets					
Goodwill	A, B	211,479	(35,022)	176,457	20,097
Intangible assets	A, G	24,971	53,192	78,163	8,902
Property, plant and equipment		2,751	-	2,751	313
Right-of-use assets	F	-	27,027	27,027	3,078
Deferred tax asset	E	44,509	(44,509)	-	-
Total non-current assets		283,710	688	284,398	32,390
Current assets					
Trade receivables		11,606	-	11,606	1,322
Other current assets	B	6,469	(1,208)	5,261	599
Cash and cash equivalents		358,684	-	358,684	40,851
Total current assets		376,759	(1,208)	375,552	42,772
TOTAL ASSETS		660,470	(520)	659,950	75,163
EQUITY AND LIABILITIES					
Equity					
Share capital		12,936	-	12,936	1,473
Share premium		813,237	-	813,237	92,621
Share-based payments reserves	D	-	18,394	18,394	2,095
Foreign currency translation reserves		-	(438)	(438)	(50)
Retained earnings	A - G	(255,473)	(96,725)	(352,198)	(40,112)
Total equity		570,700	(78,769)	491,931	56,027
Non-current liabilities					
Lease liabilities (non-current portion)	F	-	22,485	22,485	2,561
Deferred tax liability	A	-	11,817	11,817	1,346
Total non-current liabilities		-	34,302	34,302	3,907
Current liabilities					
Lease liabilities (current portion)	F	-	5,277	5,277	601
Trade payables		8,256	-	8,256	940
Contract liabilities (deferred revenue)	C	58,983	(5,665)	53,317	6,072
Current tax liabilities		-	-	-	-
Other current liabilities	C, D	22,532	44,335	66,867	7,616
Total current liabilities		89,770	43,947	133,717	15,229
Total liabilities		89,770	78,249	168,019	19,136
TOTAL EQUITY AND LIABILITIES		660,470	(520)	659,950	75,163

Reconciliation of Assets, Liabilities and Equity (continued)

For the period ended 31 December 2018	Note	NGAAP (NOK 1,000)	Effect of transition to IFRS (NOK 1,000)	IFRS (NOK 1,000)	IFRS (USD 1,000)
ASSETS					
Non-current assets					
Goodwill		-	-	-	-
Intangible assets	A, G	32,650	(349)	32,301	3,718
Property, plant and equipment		1,218	-	1,218	140
Right-of-use assets	F	-	29,683	29,683	3,416
Deferred tax asset	E	30,124	(30,124)	-	-
Total non-current assets		63,992	(790)	63,202	7,274
Current assets					
Trade receivables		3,288	-	3,288	378
Other current assets		5,333	-	5,333	614
Cash and cash equivalents		241,917	-	241,917	27,843
Total current assets		250,538	-	250,538	28,836
TOTAL ASSETS		314,530	(790)	313,740	36,110
EQUITY AND LIABILITIES					
Equity					
Share capital		11,592	-	11,592	1,334
Share premium		464,305	-	464,305	53,439
Share-based payments reserves	D	-	13,782	13,782	1,586
Foreign currency translation reserves		-	(306)	(306)	(35)
Retained earnings	A - G	(184,015)	(58,048)	(242,063)	(27,860)
Total equity		291,882	(44,572)	247,310	28,464
Non-current liabilities					
Lease liabilities (non-current portion)	F	-	25,330	25,330	2,915
Deferred tax liability		-	-	-	-
Total non-current liabilities		-	25,330	25,330	2,915
Current liabilities					
Lease liabilities (current portion)	F	-	4,787	4,787	551
Trade payables		1,522	-	1,522	175
Contract liabilities (deferred revenue)		14,131	-	14,131	1,626
Current tax liabilities		-	-	-	-
Other current liabilities	C, D	6,995	13,665	20,659	2,378
Total current liabilities		22,648	18,452	41,100	4,730
Total liabilities		22,648	43,782	66,430	7,646
TOTAL EQUITY AND LIABILITIES		314,530	(790)	313,740	36,110

As at 1 January 2018	Note	NGAAP (NOK 1,000)	Effect of transition to IFRS (NOK 1,000)	IFRS (NOK 1,000)	IFRS (USD 1,000)
ASSETS					
Non-current assets					
Goodwill		-	-	-	-
Intangible assets	G	40,465	(174)	40,291	4,910
Property, plant and equipment		456	-	456	56
Right-of-use assets		-	-	-	-
Deferred tax asset	E	15,434	(15,434)	-	-
Total non-current assets		56,355	(15,609)	40,746	4,966
Current assets					
Trade receivables		716	-	716	87
Other current assets		4,026	-	4,026	491
Cash and cash equivalents		36,481	-	36,481	4,446
Total current assets		41,223	-	41,223	5,024
TOTAL ASSETS		97,578	(15,609)	81,970	9,990
EQUITY AND LIABILITIES					
Equity					
Share capital		427	-	427	52
Share premium		199,785	-	199,785	24,349
Share-based payments reserves	D	-	9,441	9,441	1,151
Foreign currency translation reserves		-	-	-	-
Retained earnings	A - G	(111,075)	(25,058)	(136,134)	(16,592)
Total equity		89,136	(15,617)	73,519	8,960
Non-current liabilities					
Lease liabilities (non-current portion)		-	-	-	-
Deferred tax liability		-	-	-	-
Total non-current liabilities		-	-	-	-
Current liabilities					
Lease liabilities (current portion)		-	-	-	-
Trade payables		2,331	-	2,331	284
Contract liabilities (deferred revenue)		1,277	-	1,277	156
Current tax liabilities		-	-	-	-
Other current liabilities	C, D	4,833	8	4,842	590
Total current liabilities		8,442	8	8,450	1,030
Total liabilities		8,442	8	8,450	1,030
TOTAL EQUITY AND LIABILITIES		97,578	(15,609)	81,970	9,990

Reconciliation of Profit (Loss) and Comprehensive Income (Loss)

For the period ended 31 December 2019	Note	NGAAP (NOK 1,000)	Effect of transition to IFRS (NOK 1,000)	IFRS (NOK 1,000)	IFRS (USD 1,000)
Revenue from contracts with customers	A, C	77,098	(2,581)	74,517	8,464
Other operating revenue		-	-	-	-
Total revenue		77,098	(2,581)	74,517	8,464
Direct cost of sales	B	8,543	(570)	7,972	906
Employee benefit expenses	D	74,275	32,616	106,891	12,142
Other operating expenses	F	55,840	(1,804)	54,037	6,138
Total operating expenses		138,658	30,241	168,900	19,185
Operating profit/(loss) before depreciation (EBITDA)		(61,560)	(32,822)	(94,383)	(10,721)
Amortization of intangible assets	G	22,832	(13,171)	9,661	1,097
Depreciation	F	645	4,361	5,006	569
Total depreciation and amortization		23,477	(8,809)	14,667	1,666
Operating profit/(loss) (EBIT)		(85,037)	(24,013)	(109,050)	(12,387)
Financial income		3,055	-	3,055	347
Financial expenses	F	(1,448)	(798)	(2,246)	(255)
Net foreign exchange gains (losses)		(1,976)	-	(1,976)	(224)
Net financial items		(369)	(798)	(1,167)	(133)
Profit/(loss) before income tax		(85,406)	(24,811)	(110,216)	(12,519)
Income tax	E	(14,386)	13,998	(387)	(44)
Profit/(loss) for the year		(71,020)	(38,809)	(109,829)	(12,475)
Other comprehensive income:					
Items that might be subsequently reclassified to profit or loss:					
Exchange differences on translation of foreign operations		(132)	-	(132)	(15)
Item that are not reclassified to profit or loss:					
Exchange diff. on translation to another presentation currency		-	-	-	1,044
Total comprehensive income for the year		(71,152)	(38,809)	(109,962)	(11,447)

For the period ended 31 December 2018	Note	NGAAP (NOK 1,000)	Effect of transition to IFRS (NOK 1,000)	IFRS (NOK 1,000)	IFRS (USD 1,000)
Revenue from contracts with customers		14,437	-	14,437	1,775
Other operating revenue		1,350	-	1,350	166
Total revenue		15,787	-	15,787	1,941
Direct cost of sales		1,336	-	1,336	164
Employee benefit expenses	D	60,032	17,997	78,030	9,593
Other operating expenses		33,824	-	33,824	4,158
Total operating expenses		95,192	17,997	113,189	13,916
Operating profit/(loss) before depreciation (EBITDA)		(79,405)	(17,997)	(97,402)	(11,975)
Amortization of intangible assets	G	7,815	174	7,990	982
Depreciation	F	321	362	683	84
Total depreciation and amortization		8,136	536	8,673	1,066
Operating profit/(loss) (EBIT)		(87,541)	(18,534)	(106,075)	(13,041)
Financial income		889	-	889	109
Financial expenses		(98)	(73)	(171)	(21)
Net foreign exchange gains (losses)		(573)	-	(573)	(70)
Net financial items		218	(73)	146	18
Profit/(loss) before income tax		(87,323)	(18,606)	(105,929)	(13,023)
Income tax	E	(14,689)	14,689	-	-
Profit/(loss) for the year		(72,633)	(33,296)	(105,929)	(13,023)
Other comprehensive income:					
Items that might be subsequently reclassified to profit or loss:					
Exchange differences on translation of foreign operations		(306)	-	(306)	(35)
Item that are not reclassified to profit or loss:					
Exchange diff. on translation to another presentation currency		-	-	-	(2,271)
Total comprehensive income for the year		(72,939)	(33,296)	(106,235)	(15,329)

Reconciliation of Cash Flows

For the period ended 31 December 2019	Note	NGAAP (NOK 1,000)	Effect of transition to IFRS (NOK 1,000)	IFRS (NOK 1,000)	IFRS (USD 1,000)
Cash flows from operating activities					
Profit/(loss) before income tax		(85,406)	(24,811)	(110,216)	(12,519)
Adjustments for					
Depreciation and amortization	A, F	23,477	(8,809)	14,667	1,666
Net interest income	F	-	(2,258)	(2,258)	(256)
Share-based payments expense	D	-	4,612	4,612	524
Change in trade and other receivables		(8,318)	-	(8,318)	(945)
Change in contract liabilities	B	44,852	1,344	46,196	5,247
Change in trade payables		6,733	-	6,733	765
Change in other current assets and other liabilities	D	(5,024)	28,670	23,646	2,686
Interest received		-	3,055	3,055	347
Net cash flow from operating activities		(23,687)	1,804	(21,883)	(2,486)
Cash flows from investing activities					
Payment for acquisition of subsidiary, net of cash acquired		(85,880)	4,745	(81,135)	(8,996)
Payment for property, plant and equipment		(2,177)	-	(2,177)	(247)
Net cash flow from investing activities		(88,057)	4,745	(83,312)	(9,243)
Cash flows from financing activities					
Net proceeds from issuance of ordinary shares		228,998	-	228,998	26,012
Repayments of lease liabilities	F	-	(4,061)	(4,061)	(461)
Paid interest on lease liabilities	F	-	(798)	(798)	(91)
Net cash flow from financing activities		228,998	(4,859)	224,140	25,460
Net increase/(decrease) in cash and cash equivalents		117,255	1,690	118,945	13,731
Cash and cash equivalents as of 1 January		241,917	-	241,917	27,843
Effects of exchange rate changes on cash and cash equiv.		(487)	(1,690)	(2,177)	(723)
Cash and cash equivalents as of 31 December		358,684	-	358,684	40,851

For the period ended 31 December 2018	Note	NGAAP (NOK 1,000)	Effect of transition to IFRS (NOK 1,000)	IFRS (NOK 1,000)	IFRS (USD 1,000)
Cash flows from operating activities					
Profit/(loss) before income tax		(87,323)	(18,606)	(105,929)	(13,023)
Adjustments for					
Depreciation and amortization	A, F	8,136	536	8,673	1,066
Net interest income	F	-	(817)	(817)	(100)
Share-based payments expense	D	-	4,341	4,341	534
Change in trade and other receivables		(2,572)	-	(2,572)	(316)
Change in contract liabilities		12,853	-	12,853	1,580
Change in trade payables		(875)	-	(875)	(108)
Change in other current assets and other liabilities	D	796	13,656	14,452	1,777
Interest received	-	-	889	889	109
Net cash flow from operating activities		(68,983)	0	(68,983)	(8,481)
Cash flows from investing activities					
Payment for acquisition of subsidiary, net of cash acquired		-	-	-	-
Payment for property, plant and equipment		(1,093)	-	(1,093)	(134)
Net cash flow from investing activities		(1,093)	-	(1,093)	(134)
Cash flows from financing activities					
Net proceeds from issuance of ordinary shares		275,685	-	275,685	33,894
Repayments of lease liabilities		-	-	-	-
Paid interest on lease liabilities		-	-	-	-
Net cash flow from financing activities		275,685	-	275,685	33,894
Net increase/(decrease) in cash and cash equivalents		205,608	0	205,608	25,278
Cash and cash equivalents as of 1 January		36,481	-	36,481	4,446
Effects of exchange rate changes on cash and cash equivalents		(173)	-	(173)	(1,881)
Cash and cash equivalents as of 31 December		241,917	0	241,917	27,843

Notes to the reconciliation of changes from NGAAP to IFRS:

A) Purchase price allocation related to Poio and DragonBox

Previously all excess values were allocated to goodwill and amortized. Transaction costs were recognized as part of the cost price/goodwill. At the implementation of IFRS, a purchase price allocation was performed for the acquisitions in 2019, and the excess value allocated to the identifiable assets and deferred tax liabilities.

NOK 55,475 thousand was reclassified from goodwill to intangible assets (technology and brands) in the balance sheet for the year ended 31 December 2019, including an increase in goodwill and deferred tax liabilities of NOK 12,205 thousand.

NOK 15,106 thousand of amortization of goodwill was reversed.

Cost prices were adjusted for transaction costs, which was recognized as an operating expense, amounting to NOK 3,055 thousand as an increase in operating expenses and a corresponding decrease of goodwill.

NOK 1,760 thousand of amortization was recognized for the identified technologies and a related decrease to income tax and deferred tax liability of NOK 387 thousand. The identified brands are considered to have an indefinite useful life.

B) Deferred revenue and deferred COGS

Under NGAAP, the revenue in DragonBox (acquired with effective date 1 September 2019) was amortized over the subscription period. Under IFRS, the evaluation is that the revenue shall be recognized at a point in time. This also affected the opening balance included in the purchase price allocation. Therefore, on 31 December 2019, the Group recognized a decrease in the revenue of NOK 1,914 thousand, a decrease in contract liabilities (deferred revenue) of NOK 3,665 thousand and a decrease in goodwill of NOK 5,580 thousand.

The same applied for the deferred cost of goods sold. Therefore, at 31 December 2019, the Group recognized a decrease in the cost of goods sold by NOK 570 thousand, a decrease in deferred COGS of NOK 1,208 thousand and an increase in goodwill of NOK 1,778 thousand.

C) Government grants

Under NGAAP, a government grant was received in cash by DragonBox in 2018. The grant committed the Company to continue its development over a two-year period. Under NGAAP, this was recognized as other revenue over the two-year period. As part of the purchase price allocation, the related asset was considered to have zero value. However, as the development period is not finalized, costs are still incurred. The value of the government grant was reclassified from other revenue to a decrease in employee benefit expenses of NOK 667 thousand.

D) Share-based payments

Under NGAAP, the Group did not recognize any costs associated to the share-based payments as an expense. IFRS requires the fair value of the share options to be determined using an appropriate pricing model recognized over the vesting period.

Expenses of NOK 17,997 thousand (2018) and NOK 33,282 thousand (2019), were recognized in profit or loss as employee benefit expenses. This includes social security tax.

The following amounts were recognized against the share-based payment reserves, NOK 13,801 thousand (31 December 2018) and NOK 18,417 thousand (31 December 2019).

For the corresponding social security tax liability, the recognized amounts were NOK 13,189 thousand (31 December 2018) and NOK 40,364 thousand (31 December 2019).

E) Deferred tax asset

Under NGAAP, the Company's tax losses carried forward were recognized as a reduction in income tax expenses for all years. Management assessed whether it is still applicable under IFRS and concluded the entire recognized deferred tax asset should be reversed by NOK 15,434 thousand as at 1 January 2018,NOK 30,124 thousand as at 31 December 2018 and NOK 44,509 as at 31 December 2019.

F) Leases

Under NGAAP, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognized as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under IFRS, a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

In 2018 the Group entered into a lease agreement for its head-office (until this lease agreement, no lease obligation were to be recognized according to their terms). All other leasing agreements are regarded as short-term as they are mainly perpetual and can be cancelled within a few months. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments. As a result, the Group recognized an increase of NOK 30,045 thousand as at 31 December 2018 (NOK 27,762 thousand as at 31 December 2019) of lease liabilities and an increase of NOK 30,045 thousand as at 31 December 2018 (NOK 27,027 thousand as at 31 December 2019) of right-of-use assets.

Other operating expenses decreased by NOK 4,859 thousand in 2019. Additionally, depreciation increased by NOK 4,361 thousand in 2019 (NOK 362 thousand in 2018) and finance costs increased by NOK 798 thousand for the year ended 31 December 2019 (NOK 73 thousand in 2018).

he lease payment is presented as financing activities and reclassified from operating activities with NOK 4,859 thousand in 2019.

G) Intangible assets

Under NGAAP, the Company's website domain was recognized as an asset with an indefinite useful life. As at the date of transition to IFRS, 1 January 2018, the intangible asset has been amortized using a useful life of 10 years. Group started to depreciate the intangible asset by NOK 174 thousand effective from year from 2017 onwards and included in the 1 January opening balance.

Note 26 Events after the reporting period

No events that have significantly affected or may significantly affect the operations of the Group have occurred after 31 December 2020.

Note 27 New and amended standards not yet adopted by the Group

At the date of authorization of these financial statements, the following standards and interpretations that could affect the Group's consolidated financial statements were issued but not effective:

- Amendments to IAS 1, Presentation of financial statements' on classification of liabilities
  - This change clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

Management anticipates that these standards and interpretations will be adopted at the dates stated above provided that the standards and interpretations are approved by the EU.

Financial statements

Parent company

Parent company annual financial statements 2020

Parent company statement of profit or loss

NOK in thousands

NOTE	OPERATING REVENUE AND OPERATING EXPENSES	2020	2019
3	Operating revenue	244,059	69,787
4	Cost of sales	20,347	6,887
5	Payroll and related expenses	218,302	58,087
6	Other operating expenses	102,829	61,810
	Operating profit/(loss) before depr. and amortiz. (EBITDA)	(97,419)	(56,997)
8	Depreciation tangible assets	1,030	606
7	Depreciation intangible assets	7,726	7,726
	Operating profit/(loss) (EBIT)	(106,175)	(65,330)
	FINANCIAL INCOME AND EXPENSES		
	Other financial income	3,357	2,972
9	Interest income from group companies	1,340	-
	Other financial expenses	(1,776)	(1,351)
	Net foreign exchange gains (losses)	(149,542)	(1,845)
9	Impairment shares subsidiaries	-	(60,694)
9	Impairment receivables subsidiaries	-	(20,705)
	Net financial result	(146,621)	(81,624)
	Profit/(loss)before tax	(252,796)	(146,954)
13	Income tax	(51,408)	(18,977)
	Profit/(loss) for the financial year	(201,389)	(127,977)
	ALLOCATIONS AND TRANSFERS		
2	Transferred to/from other equity	(201,389)	(127,977)
	Total allocations transfers	(201,389)	(127,977)

Parent company balance sheet

NOK in thousands

NOTE	ASSETS	12/31/20	12/31/19
7	Research and development	15,453	23,179
7	Licenses, trademarks and similar rights	1,744	1,744
13	Deferred tax assets	122,637	49,100
	Total intangible assets	139,834	74,024
8	Fixtures and fittings	2,818	2,440
	Total tangible fixed assets	2,818	2,440
9	Investments in subsidiaries	581,179	241,934
9	Loans to group companies	219,205	3,000
	Total financial non-current assets	800,384	244,934
	Total non-current assets	943,036	321,398
10	Accounts receivables	8,054	10,010
	Prepaid expenses and other current assets	10,043	4,444
11	Cash and cash equivalents	2,144,019	346,280
	Total current assets	2,162,116	360,734
	TOTAL ASSETS	**3,105,152**	**682,132**
	EQUITY AND LIABILITIES		
2,12	Share capital	44,609	12,936
2.12	Share premium	3,071,538	813,237
2.12	Other paid-in equity	67,596	17,758
	Total paid-in equity	3,183,743	843,931
2,12	Other equity	(482,115)	(280,726)
	Total retained earnings	(482,115)	(280,726)
	Total equity	2,701,628	563,205
3	Deferred revenue	178,268	53,317
9	Liabilities payable to group companies	1,054	142
	Accounts payable	13,236	7,555
	Public duties payable	140,977	51,722
	Other current liabilities	69,990	6,190
	Total current liabilities	403,523	118,927
	Total liabilities	403,523	118,927
	TOTAL EQUITY AND LIABILITIES	**3,105,152**	**682,132**

Oslo, 9 February 2021

Sign

Harald Arnet
Chairman

Sign

Fredrik Cassel
Board Member

Sign

Michiel Kotting
Board Member

Sign

Sindre Østgård
Board Member

Sign

Stefan Blom
Board Member

Sign

Eilert Hanoa
CEO

Parent company statement of cash flows

NOK in thousands

Cash flow from operating activities	2020	2019
Profit/(loss) before tax	(252,796)	(146,954)
Depreciation and amortization	8,756	8,332
Impairment shares subsidiaries	-	60,694
Impairment receivables subsidiaries	-	20,705
Share-based payments expense	18,061	-
Change in trade receivables	1,956	(6,722)
Change in trade payables	5,680	6,094
Changes in public duties payable	89,254	1,111
Changes in inter-company balances	(12,767)	(2,484)
Changes in deferred revenue	124,950	39,187
Changes in other current assets and other liabilities	31,780	2,527
Items classified as effects of currency rate changes on cash	143,232	-
Net cash flow from operating activities	158,107	(17,510)
Cash flow from investing activities:		
Purchases of fixed assets	(1,407)	(1,913)
Cash payments acquisitions subsidiaries	(197,128)	(85,880)
Increase equity subsidiaries	-	(17,000)
Net cash flow from investing activities	(198,535)	(104,794)
Cash flow from financing activities:		
Change in intercompany loan financing	(202,527)	-
Net proceeds from equity issue	2,183,926	228,998
Net cash flow from financing activities	1,981,399	228,998
Effects of currency rate changes on cash and cash equivalents	(143,232)	-
Net change in bank deposits, cash and equivalents	1,797,739	106,695
Bank deposits, cash and equivalents at 1 January	346,280	239,585
Bank deposits, cash and equivalents at 31 December	2,144,019	346,280

Notes

Note 1 Parent company accounting principles

General information

Kahoot! AS (the Company or Kahoot!) is a limited liability company incorporated and domiciled in Norway, with its head office in Fridtjof Nansens plass 7, 0160 Oslo. Kahoot! AS is the parent company in the Kahoot! Group, and is listed on Euronext Growth Oslo with the ticker "KAHOT".

Basis of preparation

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.

Tangible assets

Tangible assets are stated at historical cost less depreciation and adjustments for impairment losses.

Acquisition cost of fixes 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

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

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.

Income tax

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 bate 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.

Change in accounting principles

Share-based payment have not been accounted for in the parent financial statement prior to 1 January 2020. The cumulative effects from inception of the share-based program in 2015 to 2019 have been adjusted for in the opening balance as of 1 January 2020. The effects are as follows:

- Other paid in capital relating to share-based payment is recognized with NOK 17,758 thousand.
- Public duties payable is increased with NOK 38,065 thousand.
- Investments in subsidiaries is increased with NOK 7,747 thousand.
- Other equity is reduced with NOK 48,076 thousand and reflects the expenses that would be recognized through statement of profit or loss if the share-based program had been recognized from inception.

Note 2 Equity

NOK in thousands

Paid-in equity	Share capital	Share premium	Other paid-in equity	Other equity	Total equity
Equity at 1 January 2019	11,592	464,305		(104,673)	371,224
Share issuance	1,344	348,932		-	350,276
Share-based payments cumulative effect 1			17,758	(48,076)	(30,318)
Profit/(loss) of the year	-	-		(127,977)	(127,977)
Equity at 31 December 2019	12,936	813,237	17,758	(280,726)	563,205
Share issuance	31,673	2,258,301	-	-	2,289,974
Share-based payments			49,838		49,838
Profit/(loss) of the year	-	-	-	(201,389)	(201,389)
Equity at 31 December 2020	44,609	3,071,538	67,596	(502,170)	2,701,628

[1] Expenses relating to share-based payments have not been recognized in the parent financial statement prior to 1 January 2020. The effect included in equity opening balance as of 1 January 2020 comprise of share-based payment expenses cumulative effects as of 31 December 2019. NOK 48,076 thousand included in other equity is reflecting the effect on retained earnings as if the share-based payments had been expensed annually since inception to 31 December 2019.

Note 3 Revenue

Over 90% of revenue in Kahoot! is prepaid annual contracts on software licenses.

Revenues from software licenses are recognized in the income statement based on the duration of the contract period. All deferred revenue in the balance sheet on 31 December 2020 will be recognized as operating revenue in 2021.

NOK in thousands	2020	2019
Subscription revenue	244,059	69,787
Total operating revenue	244,059	69,787

NOK in thousands	2020	2019
USA and Canada	126,745	36,242
Europe	76,630	21,912
Asia Pacific	23,171	6,626
Latin America and The Caribbean	10,392	2,972
Africa, The Middle East, and India	7,121	2,036
Total operating revenue	244,059	69,787

Note 4 Direct cost of sales

Includes credit card, transactions and app store fees.

Note 5 Payroll costs, number of employees and benefits

NOK in thousands	2020	2019
NOK in thousands	71,451	46,104
Social security tax *	121,588	6,739
Pension costs	1,396	886
Share-based payment	18,061	-
Other personnel costs	5,806	4,357
Total payroll expenses	218,302	58,087
Average full-time employees	83	62
*) Of which soscial security tax related to share based payments	111,602	

CEO and Directors' remuneration	Salary	Pensions	Other benefits
CEO	1,757	24	11

No board remuneration was paid in 2020 or 2019

The CEO has 6 months' notice period and 6 months' severance pay.

The CEO was granted 600,000 share options in 2020 and has 750,000 share options outstanding, whereas for 150,000 share options the exercise price is not decided[1]. The average exercise price for outstanding share options where exercise price is decided is NOK 19.20. The CEO vested 37.500 share options in 2020.

For details regarding the share option program in Kahoot! Group, see note 17 in the consolidated Group financial statement.

The company is obligated to follow the stipulations in the Norwegian Mandatory Occupational Pensions Act. The company's pension scheme adheres to the requirements, as set in the Act. The defined contribution plans had 90 members in 2020.

[1] For outstanding share options where the share option exercise price is determined. Exercise price for remaining share options will be based on 20 days Weighted average exercise price (VWAP) prior to the date of the Company's annual general meeting in 2021.

Note 6 Operating expenses

Other operating cost consists of the following:

NOK in thousands	2020	2019
Consulting	33,531	13,191
Office rent	6,787	5,965
IT and hosting services	34,617	22,025
Other operating expenses	8,848	5,026
Intercompany expenses	19,045	15,603
Total	102,829	61,810

Remuneration to Deloitte AS is as follows:

NOK in thousands	2020	2019
Statutory audit	203	49
Other assurance services	375	208
Tax counselling	35	12
Total	613	269

Note 7 Intangible assets

NOK in thousands	R&D	Domain	Total
Acquistion cost at 1 January 2019	38,632	1,744	40,376
Additions	-	-	-
Disposals	-	-	-
Acquistion cost at 31 Desember 2019	38,632	1,744	40,376
Additions	-	-	-
Disposals	-	-	-
Acquistion cost at 31 Desember 2020	38,632	1,744	40,376
Accumulated amortization 1 January 2019	7,726	-	7,726
Amortization 2019	7,726	-	7,726
Accumulated amortization 31 December 2019	15,453	-	15,453
Amortization 2020	7,726	-	7,726
Accumulated amortization 31 December 2020	23,179	-	23,179
Balance at December 31, 2019	23,179	1,744	24,924
Balance at December 31, 2020	15,453	1,744	17,197
Estimated useful life	5 years		
Amortisation method	Linear	Indefinite	

R&D costs were in 2020 and 2019 expensed in the income statement as they occurred. R&D costs for prior years for developing the Kahoot! platform were capitalized up till the launch of the commercial offering in 2017.

Note 8 Property, plant and equipment

NOK in thousands	IT equipment	Fittings and fixtures	Total
Acquisition cost at 1 January 2019	633	620	1,253
Additions	622	1,291	1,913
Disposals	-	-	-
Acquisition cost at 31 Desember 2019	1,255	1,911	3,166
Additions	1,065	343	1,407
Disposals	-	-	-
Acquisition cost at 31 Desember 2020	2,320	2,254	4,574
Accumulated depreciation 1 January 2019	102	18	120
Depreciation 2019	315	291	606
Accumulated depreciation 31 December 2019	417	309	726
Depreciation 2020	584	446	1,030
Accumulated depreciation 31 December 2020	1,001	755	1,756
Balance at 31 December 2019	838	1,602	2,440
Balance at 31 December 2020	1,319	1,499	2,818
Estimated useful life	3 years	5 years	
Depreciation method	Linear	Linear	

Note 9 Investment in subsidiaries and transactions and balances with related parties

NOK in thousands

Company	Year of acquisition	Registered office	Ownership/ voting share	Equity 2020[2]	Net result 2020[1]	Book value
Kahoot! EDU Ltd	2014	UK	100%	1,776	132	1,753
Kahoot! EDU Inc	2015	US	100%	(18,690)	696	5,919
Poio AS	2019	Norway	100%	(5,784)	(3,688)	59,381
Kahoot Dragonbox AS	2019	Norway	100%	(23,159)	(27,915)	198,522
Actimo ApS	2020	Denmark	100%	27,131	(426)	312,703
Kahoot! International AS	2020	Norway	100%	(1,038)	(1,078)	2,902

[1] Net result included from the date of acquisition for companies acquired during the year. Net result is translated to NOK 1,000 using average foreign exchange rate for the year.

[2] Equity is translated to NOK using the closing foreign exchange for the year.

NOK in thousands

Company	Receivables	Liabilities	Interest
Kahoot! EDU Ltd	-	(19)	-
Kahoot! EDU Inc	-	(400)	-
Poio AS	5,605	-	99
Kahoot Dragonbox AS	11,074	-	164
Actimo ApS	-	(634)	-
Kahoot! International AS	202,527	-	1,078
Total	219,205	(1,054)	1,340

Note 10 Accounts receivables

NOK in thousands	2020	2019
Accounts receivables	8,404	10,510
Provisions for bad debt	(350)	(500)
Total	8,054	10,010

Note 11 Cash and cash equivalents

NOK in thousands	2020	2019
Cash and cash equivalents	2,144,019	346,280
Whereof restricted cash	(7,732)	(13,230)
Non restricted cash	2,136,287	333,050

Note 12 Share capital and shareholder information

The share capital in the company at 31 December 2020 consists of:

	Number	Nominal amount NOK	Carrying value NOK
Ordinary shares	446,091,967	0.10	44,609,196.70
Total	446,091,967		44,609,196.70

For shareholder information, see note 23 in the consolidated Group financial statement.

Note 13 Taxes

NOK in thousands

Specification of income tax expense:	2020	2019
Changes in deferred tax	(51,408)	(18,977)
Tax on profit/(loss)	(51,408)	(18,977)

Reconciliation from nominal to real income tax rate:	2020	2019
Profit/(loss) before taxation	(252,796)	(146,954)
Estimated income tax according to nominal tax rate (22%)	(55,615)	(32,330)
The tax effect of the following items:		
Other permanent differences related to investments (the exemption method, in accordance with Norwegian taxation act § 2-38)	-	13,353
Other non-deductible expenses	4,208	0
Income tax expense	(51,408)	(18,977)
Effective income tax rate	20%	13%

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

NOK in thousands	2020		2019	
	Benefit	Liability	Benefit	Liability
Fixed assets	-	29	-	58
Receivables	4,830	-	4,591	-
Social security contribution on share-based payments	28,430			
Losses carried forward	89,407	-	44,567	-
Total	122,666	29	49,159	58
Off-balance sheet deferred tax benefits				
Net deferred benefit/liability in the balance sheet	122,637		49,100	

In 2020, company has achieved a strong revenue growth as result of successful commercial development of the Kahoot! offerings. Whereas the recognized revenue is being deferred through subscription lifetime, the company's cash flow from operations in 2020 is positive. The deferred tax benefit is included in the balance sheet on the basis of future taxable income.

Alternative performance measures

In order to enhance the understanding of the Group's performance, the Group presents certain measures and ratios that might be considered as alternative performance measures (APM) as defined by the European Securities and Markets Authority, and these should not be viewed as substitute for any IFRS financial measures. These APMs includes invoiced revenue, Annual Recurring Revenue (ARR), Monthly Recurring Revenue (MRR), EBITDA and adjusted EBITDA. The Group has presented these APMs because it considers them to be important supplemental measures to understand the overall picture of revenue and profit generation in the Group's operating activities. Please see below for a further description of these APMs:

- **Invoiced Revenue:** Is defined as the amount invoiced to customers in the relevant period.
- **Monthly Recurring Revenue (MRR):** Is defined as the Company's consolidated recurring revenue for a month.
- **Annual Recurring Revenue or (ARR):** Is defined as MRR for the applicable month multiplied by twelve.
- **EBITDA:** Is defined as the profit/(loss) for the year before net financial income (expenses), income tax expense, depreciation and amortization.
- **Adjusted EBITDA:** Is defined as EBITDA adjusted for special operating items. Special operating items are material expenses and other material transactions of either a non-recurring nature or special in nature compared to ordinary operational income or expenses and include adjustments for share-based compensation expenses and related payroll taxes, acquisition-related expenses and listing cost preparations.

Deloitte AS
Dyre Halses gate 1A
NO-7042 Trondheim
Norway

Tel: +47 73 87 69 00
www.deloitte.no

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, which comprise:

- The financial statements of the parent company Kahoot! AS (the Company), which comprise the balance sheet as at 31 December 2020, 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 sheets as at 31 December 2020, 31 December 2019, 31 December 2018, the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years 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 2020, 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 2020, December 2019 and December 2018 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the EU.

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 a true and fair view of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, 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 of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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 a true and fair view.
- 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 concerning the financial statements, the going concern assumption and the proposed allocation of the result 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, 10 February 2021
Deloitte AS

Morten Alsos

Morten Alsos
State Authorised Public Accountant (Norway)