

Kahoot! Group

Q2 2021 Report

Kahoot! Group Reports Second Quarter 2021 Financial Results

OSLO, 19 August 2021 – Kahoot! ASA, (KAHOT) today announced financial results for its fiscal quarter ended 30 June 2021, in-line with the main numbers presented on the trading update 7 July 2021. The Kahoot! Group continued its strong performance in the second quarter of 2021, including solid growth in usage, revenues, subscribers, launch of several new features and services as well as the completed acquisition of the learning app provider Motimate, and the announced acquisition of Clever, one of the most widely-used digital learning platforms by U.S. K-12 schools.

Invoiced revenue for the Kahoot! Group reached \$20.6 million in the second quarter 2021, an increase of 114%, or \$11 million year-over-year. Invoiced revenue for the first half of 2021 reached \$39.6 million, an increase of 147%, or \$23.6 million year-over-year. The Kahoot! Group delivered continued solid cash flow from operations and reached 933K paid subscriptions including acquired units.

The Kahoot! platform had record-high activity in the second quarter with more than 29 million active accounts (43% YoY growth) hosting 303 million games (44% YoY growth) for more than 1.8 billion participating players (49% YoY growth) in the last 12 months, building the foundation for further growth in the coming quarters.

An update from Eilert Hanoa, CEO of Kahoot!

We are pleased to share that Kahoot! continues to deliver strong financial performance in the second quarter of 2021, and that we are progressing well in delivering on our business agenda and annual targets.

The second quarter has been our most active thus far, across all aspects of the business, including R&D and product releases, technical partner integrations, localization efforts as well as new partnerships and acquisitions. This quarter, we took significant steps in reaching our goal to become a global leading learning platform company.

Our record-high activity on the Kahoot! platform in the second quarter, including more than 29 million active accounts, 303 million games hosted and more than 1.8 billion participating players in the last 12 months, is a testament to the strength of the Kahoot! brand and our vision to make learning awesome!

We also continued the growth in paid subscriptions, reaching 933K in the second quarter. This includes all subscriptions on Kahoot!, DragonBox math curriculum, Drops language learning, Whiteboard.fi and employee licenses from Actimo and Motimate.

Last year, Kahoot! delivered very strong growth in the unprecedented second quarter and this year we achieved continued growth both organically and in total for the group year-over-year. In the second quarter this year invoiced revenue was \$20.6 million, a 114% year-over-year growth.

Significantly building out our At Work offering

A key goal for Kahoot! in the second half of 2020 and first half of 2021 has been to increase momentum in building our employee engagement offering, with the overall goals of rapid solution launches to capture increased demand for online corporate learning. In April we announced the acquisition of the learning app provider Motimate and the combined user base of Motimate and Actimo, acquired in October 2020, represent more than a quarter of a million employees. This further accelerates the building of the next generation of tools for employee learning, engagement and corporate culture. The launch of the Kahoot! 360 Spirit solution in the second quarter represents our main offering to all

organizations focusing on employee engagement. Kahoot! Spirit has already been well received by new and existing customers and the first larger projects have been initiated in the quarter.

Acquisition of digital learning platform Clever

With a focus on expanding our presence and offerings, in the second quarter we also announced the acquisition of Clever, Inc, the most used digital learning platform in U.S. K-12 (kindergarten to 12th grade) schools. Kahoot! Group will acquire 100% of the shares in Clever, Inc., for an enterprise value of \$435-500 million on a cash and debt-free basis, including a performance-based element for 2021-2022. The consideration will consist of a combination of cash and Kahoot! shares. Clever will operate as an independent company in the Kahoot! Group led by its strong management team and remains an open platform operating under the Clever brand. Clever expects to reach \$44 million in billed revenues for 2021 from its U.S. ecosystem partners.

Completion of the Clever transaction is pending satisfaction of regulatory approval by The Committee on Foreign Investment in the United States (“CFIUS”) and completion of the transaction is expected in the third quarter 2021. We look forward to the completion of the transaction and are excited about the value the partnership will bring to both organizations’ stakeholders.

Geographic expansion and new language versions

We continue to expand geographically, both through engaging new partnerships and launching localized services. In the third quarter 2020, we launched our Spanish language version and are pleased to see that Latin America is now among the fastest growing markets with more than 130% growth in active accounts over the last 12 months. Since then, we have launched several new language versions, including our first Asian language - Japanese. During the second half of 2021, Arabic and simplified Chinese will be added.

We are excited for what’s to come!

All in all, the second quarter of 2021 has been strategically important for the Kahoot! Group as we continued to make significant progress across all teams and units. Our ecosystem of services, users, customers, and partners provides a solid foundation for further scale. To capture that embedded growth, we have been adding talents and resources to support the execution of our commercial strategy. In the first half of 2021, we have built the foundation for a series of upcoming launches of new features and offerings, including Kahoot! Academy Marketplace for user groups, the full Kahoot! 360 Spirit to our business customers and our improved Kahoot! EDU for schools and school districts ready for the Back To School season.

As the global vaccine response to the pandemic has been rolled out and many schools, educational institutions as well as workplaces are gradually planning a return to a hybrid or more in-presence environment, Kahoot! continues to attract new users and subscribers across all markets and customer segments. The growth on the Kahoot! platform experienced in the first half of the year, including higher signups in the second quarter this year, provides a solid foundation for further development of customer value and commercial strategies.

We are well positioned with a strong product portfolio, scaled customer base, and team as we move into the second half of the year, to make learning even more awesome!

Second Quarter 2021 Highlights

The main figures were reported in the company trading update 7 July 2021.

- Realized continued user growth on the Kahoot! platform
 - 29 million active accounts in the last 12 months, up 43% YoY
 - 303 million games hosted last 12 months, up 44% YoY
 - More than 1.8 billion participants globally last 12 months, up 49% YoY
- Launched several new features and editions for all three main categories - At Work, At School and At Home, contributing to the growth of both free and paid users in the quarter.
- Announced and closed the acquisition of Motimate, a learning app provider, to accelerate the building of the next generation of tools for employee learning, engagement, and corporate culture.
- Announced the acquisition of Clever, one of the most widely-used digital learning platforms by U.S. K-12 schools that help engage students both in the physical classroom and through remote learning. Clever's market-leading and open platform brings schools, teachers, students, and application developers together in a single-sign-on education network that simplifies accessible learning and provides an easy go-to solution for all users.
- Reached 933K paid subscriptions in the second quarter 2021, an increase of 173K from the first quarter 2021, whereof the acquired unit Motimate contributed with 140K. The net organic growth was 33K whereof 21K on the Kahoot! Platform. Kahoot! At School representing the main growth reaching 295K, Kahoot! At Home reaching 234K and Kahoot! At Work reaching 403K. The YoY increase in paid subscriptions, including acquisitions was 663K, representing 246% growth YoY.
- Invoiced revenue of \$20.6 million, up 114% YoY.
- ARR (Annual Recurring Revenue) of \$75 million, up 200% YoY.
- Total revenue and other operating income of \$18.4 million, up 230% YoY.
- Adjusted EBITDA (excluding share-based compensation expenses and related payroll taxes, acquisition related expenses and listing cost) of \$4.2 million, representing 23% adjusted EBITDA margin.
- Adjusted cash flow from operations (excluding payment of acquisition cost) of \$5.0 million, up 27% YoY.
- Cash and cash equivalents as of June 30, 2021, of \$440 million; the company has no interest-bearing debt.

Alternative performance measures

In order to enhance the understanding of the Kahoot! Group's performance, the Group presents certain measures and ratios considered as alternative performance measures (APMs) as defined by the European Securities and Markets Authority, and these should not be viewed as substitute for any IFRS financial measures. The APMs includes Invoiced Revenue, Annual Recurring Revenue (ARR), Monthly Recurring Revenue (MRR), EBITDA, adjusted EBITDA, adjusted cash flow from operations and equity ratio. These APMs are presented as the Group considers them to be important supplemental measures to understand the overall picture of revenue and profit generation in the Group's operating activities.

USD in millions	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FY 2020
Total revenue and other operating income	18.4	5.6	34.6	9.8	31.0
Invoiced revenue	20.6	9.6	39.6	16.1	45.3
ARR end of period	75.0	25.0	75.0	25.0	60.0
EBITDA before adjustments	8.0	(2.8)	6.8	(3.7)	(15.9)
Share based payment expenses	1.8	0.4	3.9	0.5	3.1
Social security tax share based payments	(7.3)	1.2	(5.9)	1.0	14.2
Acquisition transaction and listing cost	1.6	-	3.0	-	1.0
Adjusted EBITDA	4.2	(1.2)	7.8	(2.2)	2.3
Adjusted EBITDA margin (%)	22.6 %	-22.0 %	22.7 %	-22.2 %	7.5 %
Cash flow from operating activities adjusted ¹⁾	5.0	3.9	10.4	5.0	17.4
Cash and cash equivalents end of period	440.5	73.4	440.5	73.4	256.1

¹⁾ Q2 2021 adjusted for \$1.6 million cash out flow for expenses related to acquisitions completed or announced.

Description of alternative performance measures:

- Invoiced Revenue is defined as the amount invoiced to customers in the relevant period.
- Monthly Recurring Revenue (MRR) is defined as the revenue the Group expects to receive on a monthly basis from customers.
- 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, 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.
- Adjusted cash flow from operating activities is defined as cash flow from operating activities adjusted for cash out flow for expenses related to acquisitions completed or announced.
- Equity ratio is defined as total equity divided by total assets.

Financial review

- Total revenue and other operating income of \$18.4 million for the second quarter 2021, compared to \$5.6 million for the second quarter 2020, representing 230% growth. The increase of \$12.8 million was driven by strong growth in number of paid subscriptions for the Group's products. For the first half year 2021, total revenue and other operating income amounted to \$34.6 million, up from \$9.8 million for the corresponding period of 2020, representing 253% YoY growth.
- Employee benefit expenses amounted to \$1.0 million for the second quarter 2021, compared to \$5.4 million for the second quarter 2020. The second quarter 2021 includes a share-based payment cost reduction of \$5.5 million due to reduced provision for social security taxes on vested share options. For the first half year 2021, employee benefit expenses amounted to \$10.7 million compared to \$8.3 million for the corresponding period 2020. Employee benefit expenses excluding share-based payment cost and related social security taxes amounted to \$6.5 million for the second quarter 2021, compared to \$3.9 million in the second quarter 2020. The increase is mainly due to increased number of employees including effect of acquired companies. For the first half year 2021, employee benefit expenses excluding share-based payment cost and related social security taxes amounted to \$12.7 million, compared to \$6.8 million for the corresponding period of 2020.
- Other operating expenses amounted to \$7.7 million for the second quarter 2021 compared to \$2.3 million in the second quarter 2020. The increase of \$5.4 million includes transaction acquisition cost and effect from consolidation of acquired companies. For the first half year 2021, other operating expenses amounted to \$14.0 million, compared to \$4.1 million for the corresponding period of 2020.
- EBITDA amounted to \$8.0 million for the second quarter 2021 compared to -\$2.8 million for the second quarter 2020. For the first half year 2021, EBITDA was \$6.8 million compared to -\$3.7 million for the corresponding period of 2020. EBITDA adjusted for share-based compensation expenses and related payroll taxes, acquisition-related expenses and listing cost preparations was \$4.2 million for the second quarter 2021, compared to -\$1.2 million for the second quarter 2020. For the first half year 2021, EBITDA adjusted for share-based compensation expenses and related payroll taxes, acquisition-related expenses and listing cost preparations was \$7.8 million compared to -\$2.2 million for the corresponding period 2020.
- Depreciation and amortization expenses amounted to \$2.1 million for the second quarter 2021 compared to \$0.5 million for the second quarter 2020. The increase of \$1.6 million is due to amortization of intangible assets from acquired companies. For the first half year 2021, depreciation and amortization expenses were \$3.7 million compared to \$1.0 million for the corresponding period 2020.
- Net financial expenses amounted to \$0.7 million for the second quarter 2021, compared to \$0.5 million for the second quarter 2020. The financial expenses for the second quarter 2021 were affected by net change in fair value of future earn-out considerations related to acquisitions in second half of 2020. For the first half year 2021, net financial expenses amounted to \$1.4 million compared to \$0.2 million for the corresponding period of 2020.
- The \$0.3 million positive effect from income tax for the second quarter 2021 is due to tax effect on amortization of intangible assets. The positive effect from income tax for the first half year 2021 was \$0.6 million.
- During the first half year of 2021, total assets increased by \$221.8 million to \$599.6 million. The increase was primarily caused by cash from capital increase. Per the first half year 2021, non-current

assets were \$148.6, up from \$115.7 million per the end of 2020. The increase is attributable to goodwill and intangible assets from the acquisitions of Whiteboard.fi and Motimate. Current assets were \$451.0 million whereof cash and cash equivalents represented \$440.5 million.

- Total liabilities per the first half year 2021 were \$94.2 million, up from \$89.4 million per the end of 2020. Non-current liabilities represented \$23.0 million whereof \$13.1 million is contingent liabilities relating to acquisitions. Current liabilities were \$71.2 million whereof contract liabilities represented \$33.5 million.
- Equity ratio per the end of the second quarter 2021 was 84%.
- Cash flow from operations for the second quarter was \$3.4 million (including \$1.6 million cash outflow for payments of M&A cost for completed and announced acquisitions) compared to \$3.9 million for the second quarter 2020. Cash flow from operations adjusted for payment of \$1.6 million M&A cost for completed and announced acquisitions was \$5.0 million for the second quarter 2021. For the first half year 2021, cash flow from operations was \$8.9 million, up from \$5.0 million for the corresponding period of 2020. For the first half year 2021, cash flow from operations adjusted for M&A cost for completed and announced acquisitions was \$10.4 million.
- Cash flow from investing activities amounted to -\$12.0 million in second quarter 2021 due to payment for the acquisition of Motimate and payment of earn-out consideration for the Actimo acquisition.
- Cash flow from financing activities amounted to \$195.6 million for the second quarter 2021 due to capital increase.

Forward looking statement

- For the full year 2021, the Kahoot! Group reiterates the ambition to reach \$90-100 million in invoiced revenues with continued solid positive cash flow from operations and to reach 1.1 million paid subscriptions. For the third quarter 2021, the Kahoot! Group expects invoiced revenue of \$22 million, representing approx. 90% YoY growth, and to reach 1 million paid subscriptions.
- Financial effects from the announced Clever acquisition are not included in the forward looking statement. Forward looking statement reflecting Clever will be presented following the closing of the transaction.
- The Company will explore the opportunity for a secondary listing, with timing of the listing being subject inter alia to the closing of the Clever transaction.

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About Kahoot!

Kahoot! is on a mission to make learning awesome! We want to empower everyone, including children, students, and employees to unlock their full learning potential. Our learning platform makes it easy for any individual or corporation to create, share, and play learning games that drive compelling engagement. Launched in 2013, Kahoot!'s vision is to build the leading learning platform in the world. In the last 12 months, 300 million games have been played on the Kahoot! platform with 1.8 billion participating players in more than 200 countries. The Kahoot! family also includes award-winning DragonBox math learning apps, the Poio learn to read app, the Drops language learning apps, the Actimo and Motimate employee engagement and corporate platforms and Whiteboard.fi, the online whiteboard tool for all educators, teachers and classrooms. The Kahoot! Group is headquartered in Oslo, Norway with offices in the US, the UK, France, Finland, Estonia, Denmark and Spain. Kahoot! is currently listed on the Oslo Stock Exchange under the ticker KAHOT. Let's play!

Financial statements

1. Condensed consolidated interim statement of profit or loss

USD in thousands	Note	Q2 2021	Restated Q2 2020	H1 2021	Restated H1 2020	FY 2020
Revenue from contracts with customers	3	18,162	5,573	34,344	9,646	30,859
Other operating income	3	249	2	249	144	175
Total revenue and other operating income		18,412	5,576	34,594	9,791	31,034
Cost of sales		1,707	660	3,052	1,067	3,790
Employee benefit expenses		1,016	5,445	10,659	8,275	31,625
Other operating expenses		7,674	2,258	14,045	4,148	11,553
Operating profit/(loss) before deprec. and amortiz. (EBITDA)		8,014	(2,787)	6,838	(3,700)	(15,936)
Amortization of intangible assets		1,775	329	3,169	676	1,897
Depreciation		277	148	528	301	685
Operating profit/(loss) (EBIT)		5,962	(3,264)	3,141	(4,678)	(18,517)
Financial income		230	72	325	214	372
Financial expenses		(50)	(135)	(95)	(181)	(329)
Net change in fair value of financial instruments		(593)	-	(1,321)	-	848
Net foreign exchange gains (losses)		(262)	(457)	(289)	(239)	(17,510)
Net financial income (expenses)		(674)	(520)	(1,381)	(206)	(16,619)
Profit/(loss) before income tax		5,287	(3,784)	1,761	(4,884)	(35,136)
Income tax		(339)	(31)	(594)	(64)	(656)
Profit/(loss) for the period		5,626	(3,753)	2,355	(4,820)	(34,481)
Profit/(loss) for the period is attributable to:						
Equity holders of Kahoot! ASA		5,626	(3,753)	2,355	(4,820)	(34,481)
Earnings per share in USD						
Basic earnings per share		0.01	(0.01)	0.01	(0.01)	(0.09)
Diluted earnings per share		0.00	(0.01)	0.00	(0.01)	(0.09)

2. Condensed consolidated interim statement of comprehensive income or loss

USD in thousands	Note	Q2 2021	Restated Q2 2020	H1 2021	Restated H1 2020	FY 2020
Profit/(loss) for the period		5,626	(3,753)	2,355	(4,820)	(34,481)
Other comprehensive income/(loss):						
Items that might be subsequently reclassified to profit or loss:						
Exchange differences on translation of foreign operations		91	301	(3,680)	411	(325)
Item that are not reclassified to profit or loss:						
Exchange difference on translation to another presentation currency		-	2,858	-	(6,305)	17,413
Total comprehensive income/(loss) for the period		5,717	(594)	(1,325)	(10,714)	(17,392)
Total comprehensive income/(loss) is attributable to:						
Equity holders of Kahoot! ASA		5,717	(594)	(1,325)	(10,714)	(17,392)

3. Condensed consolidated interim balance sheet

USD in thousands	Note	30.06.2021	Restated 30.06.2020	31.12.2020
ASSETS				
Goodwill	2	99,698	18,108	77,745
Intangible assets	2	45,778	7,345	34,373
Property, plant and equipment		417	319	409
Right-of-use assets		2,721	2,526	3,165
Total non-current assets		148,613	28,299	115,692
Trade receivables		5,109	610	2,671
Other current assets		5,389	1,256	3,316
Cash and cash equivalents		440,487	73,350	256,120
Total current assets		450,985	75,217	262,108
TOTAL ASSETS		599,598	103,515	377,800
EQUITY AND LIABILITIES				
Share capital	4	5,547	4,100	5,228
Share premium		571,490	107,905	357,383
Share-based payments reserves		9,451	2,415	5,542
Foreign currency translation reserves		(4,055)	360	(375)
Accumulated deficit		(77,018)	(41,010)	(79,373)
Total equity		505,415	73,770	288,406
Lease liabilities		1,913	2,072	2,312
Deferred tax liability		7,952	1,153	5,843
Other non-current liabilities		13,127	-	15,447
Total non-current liabilities		22,991	3,225	23,602
Lease liabilities		909	542	964
Trade payables		3,095	771	1,817
Contract liabilities (deferred revenue)		33,506	11,806	27,899
Other current liabilities		33,682	13,402	35,111
Total current liabilities		71,191	26,520	65,791
Total liabilities		94,183	29,745	89,393
TOTAL EQUITY AND LIABILITIES		599,598	103,515	377,800

4. Condensed consolidated interim statement of changes in equity

USD in thousands	Share capital	Share premium	Share-based payments reserves	Translation differences reserves	Accumulated deficit	Total equity
Balance at 1 January 2020	1,473	92,621	2,095	(50)	(40,112)	56,026
Profit/(loss) for the period	-	-	-	-	(34,481)	(34,481)
Currency translation differences	334	21,480	378	(325)	(4,780)	17,088
Total comprehensive income/(loss) for the period	334	21,480	378	(325)	(39,261)	(17,392)
Issuance of shares	3,421	253,520	-	-	-	256,940
Transaction costs on equity issues	-	(10,237)	-	-	-	(10,237)
Share option program	-	-	3,069	-	-	3,069
Balance at 31 December 2020	5,228	357,383	5,542	(375)	(79,373)	288,406
Profit/(loss) for the period	-	-	-	-	2,355	2,355
Currency translation differences	-	-	-	(3,680)	-	(3,680)
Total comprehensive income/(loss) for the period	-	-	-	(3,680)	2,355	(1,325)
Issuance of shares	319	222,273	-	-	-	222,592
Transaction costs on equity issues	-	(8,166)	-	-	-	(8,166)
Share option program	-	-	3,908	-	-	3,908
Balance at 30 June 2021	5,547	571,490	9,451	(4,055)	(77,018)	505,415

USD in thousands	Share capital	Share premium	Share-based payments reserves	Translation differences reserves	Accumulated deficit	Total equity
Balance at 1 January 2020	1,473	92,621	2,095	(50)	(40,112)	56,026
Profit/(loss) for the period	-	-	-	-	(4,820)	(4,820)
Currency translation differences	(285)	(9,735)	(207)	411	3,922	(5,894)
Total comprehensive income/(loss) for the period	(285)	(9,735)	(207)	411	(898)	(10,714)
Issuance of shares	2,911	25,836	-	-	-	28,748
Transaction costs on equity issues	-	(818)	-	-	-	(818)
Share option program	-	-	528	-	-	528
Balance at 30 June 2020	4,100	107,905	2,415	360	(41,010)	73,770

5. Condensed consolidated interim statement of cash flows

USD in thousands	Restated		Restated		
	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Cash flows from operating activities					
Profit/(loss) before income tax	5,287	(3,784)	1,761	(4,884)	(35,136)
<i>Adjustments for:</i>		-			
Depreciation and amortization	2,053	476	3,697	977	2,582
Net interest income	(50)	(135)	(95)	(181)	(329)
Share-based payments expense	1,790	384	3,908	528	3,069
Change in trade and other receivables	(828)	759	(1,951)	580	279
Change in contract liabilities (deferred revenue)	2,550	3,799	5,285	6,326	13,807
Change in trade payables	565	(381)	1,025	(76)	591
Change in other current assets and other liabilities	(8,182)	2,729	(5,098)	1,529	32,191
Interest received	230	72	325	214	372
Net cash flow from operating activities	3,416	3,918	8,857	5,013	17,426
Cash flows from investing activities					
Payment for acquisition of subsidiary, net of cash acquired	(11,974)	-	(19,390)	-	(34,227)
Payment for property, plant and equipment	(43)	(23)	(83)	(91)	(214)
Net cash from investing activities	(12,017)	(23)	(19,473)	(91)	(34,441)
Cash flows from financing activities					
Proceeds from issuance of ordinary shares	204,038	33,606	204,038	32,549	241,931
Transaction costs on issuance of ordinary shares	(8,166)	(815)	(8,166)	(815)	(10,237)
Repayments of lease liabilities	(230)	(136)	(443)	(274)	(537)
Paid interest on lease liabilities	(28)	58	(61)	39	(78)
Net cash from financing activities	195,613	32,713	195,367	31,498	231,079
Net increase/(decrease) in cash and cash equivalents	187,012	36,608	184,752	36,420	214,064
Cash and cash equivalents beginning of the period	253,614	33,986	256,120	40,851	40,851
Effects of exchange rate changes on cash and cash equiv.	(140)	2,756	(385)	(3,921)	1,205
Cash and cash equivalents as of end of period	440,487	73,350	440,487	73,350	256,120

Notes to the interim consolidated financial statements

Note 1 General accounting policies

Kahoot! ASA (the Company or Kahoot!), the parent company of the Kahoot! Group (the Group) is a public limited liability company incorporated and domiciled in Norway, with its head office in Fridtjof Nansens plass 7, 0160 Oslo. The Company is listed on Oslo Stock Exchange has the ticker “KAHOT”.

The condensed consolidated interim financial statements consist of Kahoot! ASA and its subsidiaries. As a result of rounding differences, numbers or percentages may not add up to the total.

These interim condensed consolidated financial statements for the six months ending 30 June 2021, have been prepared in accordance with IAS 34 Interim Financial Reporting, and authorized for issue by the board of directors on 18 August 2021. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for 2020.

The accounting policies applied (except for the principles applied for the change in functional currency in the parent company as described below) in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2020.

Change in functional currency

As of 1 January 2021, the parent company Kahoot! ASA changed its functional currency from NOK to USD. The indicators of functional currency changed in the second part of 2020. The company had strong growth in the last year and revenue is mainly denominated in USD, while the expenses is mainly denominated in NOK. However, financing has also moved from NOK to USD, evidenced by the contribution in the fourth quarter of 2020 held in USD.

The effect of a change in functional currency is recognized prospectively from the date of change, considered to be 1 January 2021.

Kahoot! ASA translates all items into the new functional currency using the exchange rate at the date of the change. The resulting translated amounts for non-monetary items are treated as their historical cost.

For the translation of equity items to the new functional currency the exchange rate at the date of the change of functional currency are applied. This means that no additional exchange differences arise on the date of the change. For the subsequent changes, equity items will be translated using their transaction date rate.

The comparable figures are not restated.

Note 2 Business combination

Motimate

Motimate AS (“Motimate”) was acquired by a purchase of 100% of the shares effective from 22 April 2021. Motimate, an employee engagement and learning app provider for organizations of all sizes was acquired for a total consideration reflecting an enterprise value (EV) of \$25 - 27 million on a cash and debt-free basis, including a 2021 performance-based element. The initial consideration was settled by a combination of cash and issuance of 1,104,994 shares in Kahoot! ASA at a subscription price of NOK 93.90 per share. A total of \$5 million of the initial cash consideration is deferred and expected settled at the end of the fourth quarter 2021. The deferred settlement has been recognized at its nominal value within other current liabilities.

The performance-based element (earn-out) relating to Motimate is determined based on certain operational metrics at the end of 2021. Given the contingent liability will be determined and settled in the future, the nominal value is discounted to present value. Present value of the contingent liability (earn-out) relating to the acquisition was recognized at \$1,814 thousand, whereof all is current. The main level three inputs used in assessing the fair value of the earnout is forecast of probability, cashflow and discount rate. The discount rates applied for Motimate was 12.5%.

Provisional purchase price allocation - assets acquired and liabilities assumed

The amounts recognized at the date of acquisition in respect of identifiable assets acquired and liabilities assumed are set out in the table below, using the exchange rate as of 22 April 2021 for Motimate.

Goodwill from the acquisition of Motimate are attributable to synergies and will lead to additional value for the Group’s subscription-based product offering when combined with the Kahoot! products.

Acquisition costs of \$184 thousand arose as a result of the transaction. These have been recognized as part of other operating expenses in the statement of statement of profit or loss.

Since the acquisition date 22 April 2021, Motimate has contributed with \$830 thousand to the Group’s revenue and negative net income contribution of \$526 thousand to the Group’s total profit. If the acquisition of Motimate had occurred on 1 January 2021, the revenue for the Group would have been \$35,380 thousand and the Group’s profit would have been \$801 thousand.

USD in thousands	Motimate
Purchase consideration	
Cash consideration	14,759
Shares issued	12,533
Contingent liability / earn-out	1,814
Total purchase consideration	29,107
Identifiable intangible assets	
Brand	666
Technology	11,328
Property, plant and equipment	5
Trade and other receivables	536
Cash and cash equivalents	2,521
Deferred tax liability	(2,211)
Trade payables and other current liabilities	(901)
Total net identifiable assets acquired at fair value	11,945
Total purchase consideration	29,107
Goodwill	17,161
Net cash outflow arising on acquisition	
Cash consideration	9,759
Less: cash and cash equivalents acquired	2,521
Total cash consideration	7,237

Digital Teaching Tools Finland Ltd (Whiteboard.fi)

Digital Teaching Tools Finland Ltd (“Whiteboard.fi”, hereafter referred to as Whiteboard.fi) was acquired by a purchase of 100% of the shares effective from 23 February 2021. Whiteboard.fi, an online whiteboard tool for teachers and classrooms that helps engage students both in the physical classroom and through remote learning was acquired for an initial consideration of \$6 million, in addition to a performance-based element up to \$6 million depending on Whiteboard’s performance in 2021-2022. The initial consideration was settled by a combination of cash and 184,892 new Kahoot! ASA shares at a subscription price of NOK 110.39 per share.

The performance-based element (earn-out) relating to Whiteboard.fi is determined based on invoiced revenue targets in 2021 and 2022 subject to EBITDA margin and 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. Present value of the contingent liability (earn-out) relating to the acquisition was recognized at \$4,314 thousand, of which \$2,702 thousand was non-current. The main level three inputs used in assessing the fair value of the earnout is forecast of probability, cashflow and discount rate. The discount rates applied for Whiteboard.fi was 12.8%.

Provisional purchase price allocation - assets acquired and liabilities assumed

The amounts recognized at the date of acquisition in respect of identifiable assets acquired and liabilities assumed are set out in the table below, using the exchange rate as of 23 February 2021 for Whiteboard.fi.

Goodwill from the acquisition of Whiteboard.fi are attributable to synergies and will lead to additional value for the Group’s subscription-based product offering when combined with the Kahoot! products.

Acquisition costs of \$241 thousand arose as a result of the transaction. These have been recognized as part of other operating expenses in the statement of statement of profit or loss.

Since the acquisition date 23 February 2021, Whiteboard.fi has contributed with \$298 thousand to the Group's revenue and negative net income contribution of \$86 thousand to the Group's total profit. If the acquisition of Whiteboard.fi had occurred on 1 January 2021, the revenue for the Group would have been \$34,713 thousand and the Group's profit would have been \$2,590 thousand.

USD in thousands	Whiteboard.fi
Purchase consideration	
Cash consideration	3,600
Shares issued	2,402
Contingent liability / earn-out	4,314
Total purchase consideration	10,316
Brand	219
Technology	3,563
Property, plant and equipment	12
Trade and other receivables	68
Cash and cash equivalents	293
Deferred tax liability	(756)
Trade payables and other current liabilities	(312)
Total net identifiable assets acquired at fair value	3,086
Total purchase consideration	10,316
Goodwill	7,230
Net cash outflow arising on acquisition	
Cash consideration	3,600
Less: cash and cash equivalents acquired	293
Total cash consideration	3,307

Note 3 Revenue and segments

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

USD in thousands	Restated		Restated		FY 2020
	Q2 2021	Q2 2020	H1 2021	H1 2020	
Subscription revenue - recognized over time	18,041	5,343	34,042	9,165	27,746
Sale to schools - recognized at point in time	-	-	-	-	2,235
Other revenue - recognized at point in time	121	229	303	482	878
Total revenue from contracts with customers	18,162	5,573	34,344	9,646	30,859
Other operating income	249	2	249	144	175
Total revenue and other operating income	18,412	5,576	34,594	9,790	31,034

Note 4 Equity

Kahoot! ASA 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 2021	446,091,967	44,609,197	5,228,090
Issued during the year	26,597,543	2,659,754	319,262
Balance at 30 June 2021	472,689,510	47,268,951	5,547,352

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

At the Annual General Meeting of Kahoot! ASA on 8 June 2021, the Board of Directors were authorized to increase the share capital by up to NOK 9.63 million through the issuance of up to 96.3 million new shares in connection with mergers, acquisitions, equity raises and exercise of share options. The Board of Directors were authorized to acquire treasury shares with a total nominal value of up to NOK 1,418 thousand.

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 in the 2020 Annual Report. The table below shows the development in the Company's share capital in 2021.

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)
24 Feb 21	Share capital increase	12,162	44,621,359	0.10	446,213,585	116.30
9 Mar 21	Share capital increase	18,489	44,639,848	0.10	446,398,477	110.39
27 Apr 21	Share capital increase	110,499	44,750,347	0.10	447,503,471	93.90
3 May 21	Share capital increase	18,604	44,768,951	0.10	447,689,510	86.62
20 May 21	Share capital increase	2,500,000	47,268,951	0.10	472,689,510	68.00

Note 5 Shareholder information

	Shareholders per 17 August 2021	Shares (m)	%
1	SoftBank	82.3	17.4 %
2	Glitrafjord	41.2	8.7 %
3	Datum Group	40.1	8.5 %
4	State Street Bank and Trust Comp	20.3	4.3 %
5	Creandum III LP	20.0	4.2 %
6	Citigroup Global Markets Inc.	13.5	2.9 %
7	The Bank of New York Mellon	12.8	2.8 %
8	Versvik Invest AS	12.6	2.7 %
9	State Street Bank and Trust Comp	8.7	1.8 %
10	Newbrott AS	7.6	1.6 %
11	Nordnet Bank AB	6.2	1.3 %
12	UBS AG	6.0	1.3 %
13	Euroclear Bank S.A./N.V.	5.6	1.2 %
14	MP Pensjon PK	5.4	1.1 %
15	Gamification AS	5.2	1.1 %
16	J.P. Morgan Bank Luxembourg S.A.	5.1	1.0 %
17	The Bank of New York Mellon SA/NV	4.7	1.0 %
18	Sanden AS	4.5	0.9 %
19	Pershing LLC	3.7	0.8 %
20	J.P. Morgan Bank Luxembourg S.A.	3.7	0.7 %
	Other	163.4	34.7 %
	Total outstanding shares	472.7	100.0 %
	Outstanding share options	21.5	
	Total no. of shares (fully diluted)	494.2	

Note 6 Related party transactions

There have not been any changes or transactions with any related parties that significantly impact the Group's financial position or results for the period.

Note 7 Events after the balance sheet date

Acquisition of Clever

On 6 May 2021, Kahoot! ASA announced the agreement of acquiring 100% of the shares in Clever Inc., ("Clever"). Kahoot! Group will acquire 100% of the shares in Clever for a total consideration reflecting an Enterprise Value (EV) of \$435 - 500 million, on a cash and debt free basis, including an up to \$65 million 2021-2022 performance-based element. The consideration will be settled by a combination of approximately 82% cash and 18% Kahoot! shares. The performance-based consideration will be payable in 2022 and 2023. Completion of the Clever transaction is pending satisfaction of regulatory approval by The Committee on Foreign Investment in the United States ("CFIUS") and completion of the transaction is expected in the second half of the third quarter 2021.

No other events that have significantly affected or may significantly affect the operations of the Group have occurred after 30 June 2021.

Responsibility Statement

We confirm that, to the best of our knowledge, the condensed consolidated interim financial statements for the first half of 2021 which have been prepared in accordance with IFRS as adopted by EU and IAS 34 *Interim Financial Reporting*, give a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operation. To the best of our knowledge, the interim report for the first half of 2021 includes a fair review of important events that have occurred during the period and their impact on the condensed financial statements, the principal risks and uncertainties for the remaining half of 2021, and major related party transactions.

18 August 2021

Sign

Andreas Hansson
Chair

Sign

Akshay Naheta
Board member

Sign

Lori Wright
Board member

Sign

Joanne Bradford
Board member

Sign

Stefan Blom
Board member

Sign

Sarah Blystad
Employee representative

Sign

Alexander Remen
Employee representative

Sign

Eilert Hanoa
CEO

Kahoot!

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