

Kahoot! AS



Quarterly Report
Q3 - 2019

Kahoot!

Kahoot! AS – Quarterly report – Q3 2019

OSLO, October 30, 2019 – Kahoot! AS, (KAHOOT-ME) today reported financial results for its fiscal quarter ended September 30, 2019. Kahoot is a global learning platform that makes it easy to create, share and play games or trivia quizzes at school, at home and at work, with over one billion participating players in more than 200 countries last twelve months.

Q3 2019 was another strong quarter and reflects focused execution by the Kahoot team now also including the acquired units Dragonbox and Poio. In total Kahoot grew invoiced revenue in Q3 2019 to \$3.4 million, a 269% year-over-year growth. The organic quarter-over-quarter growth for Kahoot was 42% in Q3 2019 vs Q2 2019 supported by an organic 140% quarter-over-quarter growth for the Kahoot School segment.

Highlights Q3 and YTD Q3 2019

- The user growth on the platform last twelve months continued, reaching 1.1bn participating players (18% YoY growth), over 200m games played (30% growth YoY) hosted by 14.8m active accounts (30% YoY growth)
- Invoiced revenue of \$3.4m in Q3 2019, compared to \$0.9m in Q3 2018 and Invoiced revenue of \$7.7m YTD Q3 2019, compared to \$1.8m YTD Q3 2018
- Operating revenue of \$2.2m in Q3 2019, compared to \$0.6m in Q3 2018 and Operating revenue of \$4.8m YTD Q3 2019, compared to \$1.1m YTD Q3 2018
- EBITDA of -\$1.7m in Q3 2019, compared to -\$2.1m in Q3 2018 and EBITDA of -\$5.8m YTD Q3 2019, compared to -\$7.7m YTD Q3 2018
- Cash flow from operations of -\$0.6m in Q3 2019, compared to -\$1.9m in Q1 2019 and -\$1.5m in Q2 2019
- Kahoot reached 120K paid seats as of Q3 2019, compared to 95K end of Q2 2019, where of 63K in the Business segment and 57K in the School segment
- The acquisition of Poio and DragonBox were completed by the end of August 2019. Both companies are fully consolidated in the Kahoot Group from September 1, 2019
- In October 2019 the company raised approx. \$25m in new equity in a private placement to institutional shareholders

Kahoot Group, headquartered in Norway, is an international organisation with 100 employees with 30 different nationalities located in five offices in Norway, USA, France, England and Finland. Kahoot has users in over 200 countries and paying customer in over 150 countries.

Forward looking statement

For Q4 and the full year 2019, Kahoot currently expects:

- Invoiced revenue on Group level to reach \$16-17m in 2019 including full year proforma revenue from acquired units, approx. \$3m
- Invoiced revenue quarter-on-quarter organic growth of 70-80% in Q4 2019, up from 42% quarter-on-quarter growth in Q3 2019

- Positive cash flow from operations in Q4 on Group level
- The cost base at Group level will be \$15.5m of which the Kahoot unit will be \$14m, a 20% increase from 2018
- Kahoot! Monthly Recurring Revenues (MRR) to reach \$1m, with 150k paid seats by end of 2019

Reporting format

The Q3 2019 report is the first quarterly Kahoot report after listing on the Merkur Market. Kahoot has up until Q2 2019 reported a simplified P&L and Balance sheet per quarter in USD using N GAAP as accounting principles. As of Q3 2019 Kahoot will report on more detailed P&L and balance sheet, and a complete cash flow statement. Including in this report is the quarterly cash flow statements per quarter in 2019. The group will continue to report under N GAAP using USD as the presenting currency. See full P&L for a complete breakdown of organic and acquired growth.

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About Kahoot! AS

Kahoot! is a global learning platform that makes it easy to create, share and play games or trivia quizzes. Kahoot! is used in different settings – in schools, corporations, social settings and cultural events. In 2018, Kahoot! had over one billion participating players in more than 200 countries. Kahoot! is on a mission to make learning awesome and build the leading learning platform in the world that connects its users to premium content and features. The company is headquartered in Norway.

P&L - Kahoot! GROUP - Q3 2019

All figures in thousands USD

	Kahoot! Q3 2019 01.07-30.09	Acquisitions Q3 2019* 01.09-30.09	Group Q3 2019 01.07-30.09	As reported		Growth	
				Group Q3 2018 01.07-30.09	Growth Organic Total	Organic	Total
Invoiced Revenue	\$3 263	\$147	\$3 411	\$925	253 %	269 %	
Net change unrecognized revenues	-\$1 245	\$40	-\$1 205	-\$334			
Total Recognized Revenue	\$2 018	\$188	\$2 206	\$591	242 %	273 %	
COGS	-\$181	-\$61	-\$242	-\$24			
Payroll/Consulting	-\$2 369	-\$233	-\$2 602	-\$1 852			
Other OPEX	-\$1 018	-\$34	-\$1 052	-\$799			
Total Operating Expenses	-\$3 568	-\$327	-\$3 895	-\$2 675	33 %	46 %	
EBITDA	-\$1 550	-\$139	-\$1 689	-\$2 085			
Depreciation Tangible Assets	-\$18	-\$1	-\$19				
Depreciation Intangible Assets	-\$218	\$0	-\$218				
Amortization Goodwill	-\$419	\$0	-\$419				
Total depreciation and amortization	-\$655	-\$1	-\$656				
EBIT	-\$2 205	-\$140	-\$2 345				
Net financial items	\$81	-\$3	\$78				
Profit before tax	-\$2 124	-\$143	-\$2 267				

* The acquisition of Poio and Dragonbox were completed by the end of August 2019. Both companies are consolidated in the Kahoot Group starting from 01.09.2019.

Kahoot is using NGAAP and goodwill that are capitalized are amortized linear over 5 years. The Q3 2019 numbers includes one month of Goodwill amortization. The quarterly amortization of Goodwill going forward will be approx. \$1.2m.

Kahoot capitalized R&D until 2017. From 2018 all R&D related costs are expensed. Depreciation of intangible assets are depreciation of R&D capitalized before revenue models were implemented. The quarterly depreciation of intangible assets going forward will be approx. \$0.7m.

P&L - Kahoot! GROUP - YTD Q3 2019

All figures in thousands USD

	Kahoot! YTD Q3 2019 01.01-30.09	Acquisitions Q3 2019* 01.09-30.09	Group YTD Q3 2019 01.01-30.09	As reported		Growth		As reported	
				Group Q3 2018 01.01-30.09	Growth Organic Total	Organic	Total	Group 2018 01.01-31.12	
Invoiced Revenue	\$7 575	\$147	\$7 722	\$1 812	318 %	326 %		\$3 480	
Net change unrecognized revenues	-\$2 989	\$40	-\$2 949	-\$717				-\$1 549	
Total Recognized Revenue	\$4 585	\$188	\$4 773	\$1 095	319 %	336 %		\$1 932	
COGS	-\$470	-\$61	-\$531	-\$50				-\$160	
Payroll/Consulting	-\$6 533	-\$233	-\$6 765	-\$6 210				-\$8 104	
Other OPEX	-\$3 283	-\$34	-\$3 317	-\$2 523				-\$3 455	
Total Operating Expenses	-\$10 286	-\$327	-\$10 614	-\$8 783	17 %	21 %		-\$11 719	
EBITDA	-\$5 701	-\$139	-\$5 841	-\$7 688				-\$9 788	
Depreciation Tangible Assets	-\$47	-\$1	-\$48						
Depreciation Intangible Assets	-\$667	\$0	-\$667						
Amortization Goodwill	-\$419	\$0	-\$419						
Total depreciation and amortization	-\$1 133	-\$1	-\$1 134						
EBIT	-\$6 834	-\$140	-\$6 974						
Net financial items	\$146	-\$3	\$143						
Profit before tax	-\$6 688	-\$143	-\$6 831						

Balance sheet - Kahoot! GROUP

All figures in thousands USD

	30.09.2019	30.09.2018	31.12.2018
Capitalized R&D	\$2 785	\$4 681	\$3 614
Licenses / Domain	\$193	\$211	\$204
Goodwill	\$24 713	\$0	\$0
Deferred tax asset	\$3 341	\$1 870	\$3 522
Total intangible fixed assets	\$31 034	\$6 763	\$7 340
Property and equipment	\$273	\$54	\$142
Financial fixed assets	\$6	\$0	-\$56
Total fixed assets	\$31 313	\$6 818	\$7 427
Inventory/Deferred COGS	\$194	\$0	\$0
Accounts receivable	\$1 268	\$426	\$384
Prepaid expenses and other current assets	\$639	\$396	\$542
Cash and cash equivalents	\$13 400	\$13 012	\$28 292
Total current assets	\$15 501	\$13 833	\$29 218
Total assets	\$46 814	\$20 651	\$36 645
Total equity	\$40 300	\$19 089	\$34 075
Accounts payable	\$481	\$210	\$178
Public duties payable	\$39	\$148	\$288
Deferred revenues	\$5 275	\$857	\$1 652
Other current liabilities	\$718	\$347	\$452
Total current liabilities	\$6 514	\$1 562	\$2 570
Total equity and liabilities	\$46 814	\$20 651	\$36 645

Cash flow - Kahoot! GROUP

All figures in thousands USD

	Q1 2019	Q2 2019	Q3 2019	YTD Q3 2019
Profit/(loss) before tax	-\$2 443	-\$2 121	-\$2 267	-\$6 831
Depreciation and amortisation	\$239	\$239	\$656	\$1 134
Changes in AR	-\$245	-\$201	-\$341	-\$787
Changes in AP	\$124	\$143	-\$41	\$226
Changes in Public duties Payable	-\$251	\$203	-\$454	-\$502
Changes in Deferred revenues	\$839	\$854	\$1 186	\$2 879
Changes in other current balance sheet items	-\$150	-\$568	\$693	-\$24
Net cash flow from operating activities	-\$1 888	-\$1 451	-\$567	-\$3 906
Capitalized R&D	\$0	\$0	\$0	\$0
Acquisition, net of cash acquired	\$0	-\$116	-\$9 426	-\$9 541
Purchase of tangible fixed assets	-\$82	-\$28	-\$64	-\$173
Net cash flow from investing activities	-\$82	-\$144	-\$9 489	-\$9 714
Proceeds from equity issue	\$245	\$0	\$0	\$245
Net cash flow from financing activities	\$245	\$0	\$0	\$245
Translation differences	-\$145	-\$127	-\$1 244	-\$1 516
Net change in cash and cash equivalents	-\$1 869	-\$1 722	-\$11 301	-\$14 892
Cash and cash equivalents at beginning of period	\$28 292	\$26 423	\$24 701	\$28 292
Cash and cash equivalents at end of period	\$26 423	\$24 701	\$13 400	\$13 400
Non-cash investing and financing transactions				
Fair value of shares issued as acquisition consideration			\$14 647	\$14 647

Kahoot! shareholders per 29 October 2019

Shareholder	Shares	%
1 Datum Group	17 376 955	13.4 %
2 NORTHZONE VII L.P.	15 577 760	12.0 %
3 CREANDUM III LP	11 044 420	8.5 %
4 AS REAL-FORVALTNING/K! invest	9 390 740	7.3 %
5 MICROSOFT GLOBAL FINANCE	6 940 000	5.4 %
6 KAM HOLDING AS	4 779 020	3.7 %
7 VERSVIK INVEST AS	4 620 692	3.6 %
8 Citigroup Global Markets Inc.	4 500 000	3.5 %
9 WWTK HOLDING AS	3 868 636	3.0 %
10 NEWBROTT AS	3 052 000	2.4 %
11 VERDIPAPIRFONDET NORGE SELEKTIV	2 825 949	2.2 %
12 NORDA ASA	2 708 704	2.1 %
13 MP PENSJON PK	2 337 332	1.8 %
14 VERDIPAPIRFONDET DNB NORGE	2 251 282	1.7 %
15 GLITRAFJORD AS	2 000 000	1.5 %
16 GAMIFICATION AS	1 866 600	1.4 %
17 SANDEN AS	1 624 000	1.3 %
18 SKØIEN AS	1 350 159	1.0 %
19 ADRIAN AS	1 052 250	0.8 %
20 HANDELSBANKEN Nordiska Smabolag	1 015 000	0.8 %
Other	29 177 997	22.6 %
Total outstanding shares	129 359 496	100.0 %
Employee option pool	8 230 000	
Total no. of shares (fully diluted)	137 589 496	

As of 29th of October Kahoot! AS has 805 shareholders. The shares are listed on Merkur Market on Oslo Stock Exchange with ticker code KAHOOT-ME.

On the 22nd of October Kahoot announced a successful Private Placement of 7,750,000 shares at price NOK 38 per share. Included in the 7,750,000 shares were 1,750,000 shares exercised from fully vested employee options. Through the Private Placement, the Company raised approximately NOK 228 million (approximately \$25m) in gross proceeds from the issuance of new shares to investors and approximately NOK 8.8 million (approximately \$0.95m) from the exercise of employee options. The net proceeds from the Private Placement will be used to further grow the Company, including allowing the Company to pursue value-creating non-organic opportunities.

Kahoot - All Active Accounts - Last twelve months - World Wide

	LTM 30.09.2019		LTM 30.09.2019		LTM 30.09.2019	
	Kahoot Accounts (Unique)	YoY Growth	Hosted Games	YoY Growth	Participants (non unique)	YoY Growth
All Accounts (hosting)	14 777 009	30 %	203 258 219	30 %	1 125 967 695	18 %
By Territory						
USA and Canada	7 541 374	23 %	106 912 494	22 %	667 660 473	10 %
Europe	4 494 977	37 %	57 825 552	40 %	274 013 095	29 %
Asia Pacific	1 502 217	33 %	20 080 381	33 %	109 983 885	26 %
Latin America and The Caribbean	809 948	67 %	11 217 557	63 %	49 169 666	62 %
Africa, The Middle East, and India	428 493	36 %	7 222 235	40 %	25 140 576	35 %
	14 777 009		203 258 219		1 125 967 695	
By Segment						
Teachers	5 357 077	24 %	76 227 967	19 %	786 070 910	14 %
Business	375 701	9 %	2 654 344	0 %	18 935 781	0 %
Students/Social	9 044 232	36 %	124 375 908	40 %	320 961 004	31 %
	14 777 009		203 258 219		1 125 967 695	