



KAHOOT'S NEXT CHAPTER: HOW GOLDMAN SACHS IS TRANSFORMING ED-TECH WITH A \$1.7 BLN ACQUISITION

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**Goldman
Sachs**

Asset
Management

Kahoot!

Introduction

Kahoot! ASA is an Oslo startup started in 2012 as a quiz-based game to ensure attention, create engagement and provide knowledge in classrooms. It has built a popular platform for users to create, share and play education-focused “games”. Key terms of the Offer included:

- Offer Price: NOK 35 per Share
- Offer Period: 16th November (2023) - 14th December (2023), with a possible extension at the sole discretion of the Offeror. The Offer Period will not extend beyond 28th December 2023.
- Acquirer: Goldman Sachs Asset Management, General Atlantic LP, KIRBI Invest A/S, Glitrafjord

Diving into the Deal Itself

The saga commenced on 11th September 2023, when Kangaroo BidCo announced its completion of the recommended voluntary best and final cash offer for the shares of Kahoot! ASA. This marked the initial step in a series of strategic manoeuvres aimed at consolidating Kangaroo BidCo's position in the market. In November we experienced significant developments, with Kangaroo BidCo announcing the completion of the offer and subsequent settlement arrangements. Danske Bank, Norwegian Branch, acted as the receiving agent, facilitating the smooth transfer of funds to Kahoot!’s shareholders who accepted the offer.

Kangaroo BidCo AS successfully finalized the recommended voluntary offer to acquire all outstanding shares of Kahoot! ASA, a company listed on the Oslo Stock Exchange. This offer, initially proposed in the Offer Document dated 27th July 2023, provided a cash consideration of NOK 35.00 per share. Settlement of the offer was completed on 9th November. In total, Kangaroo BidCo AS acquired 251mln shares through the offer, in addition to shares acquired through an investment agreement dated 14th July, 2023, and contributions by related parties. This accumulation of shares resulted in Kangaroo BidCo AS holding approximately 84.15% of the share capital and voting rights in Kahoot! ASA.

Michael Bruun, Global Co-Head of Private Equity at Goldman Sachs Asset Management, representing the Offeror, states: *"We are proceeding with the launch of the mandatory offer, providing a final opportunity for additional Kahoot! shareholders to tender their shares. This step follows the Offeror's acquisition or control of approximately 84.15% of the shares in Kahoot! upon the completion of the voluntary offer on 9th November 2023. We anticipate continuing a constructive dialogue with the remaining shareholders concerning our best and final offer of NOK 35 per share."* (Oslo Stock Exchange, 2023)

The month of December brought forth pivotal moments in the acquisition narrative. On 14th December, Kangaroo BidCo extended the offer period, signalling its commitment to ensuring maximum shareholder participation. The extension was met with substantial response, as evidenced by the acceptance of a significant portion of shares by shareholders. Due to the extension of the Offer Period, the latest date for settlement of the Offer will be 11th January 2024. At the conclusion of the Offer Period, the Offeror had received acceptances of the Offer totalling 466mln of Shares, representing approximately 94.75% of the share capital and voting rights in the Company.

As the new year dawned, Kangaroo BidCo stood on the brink of completing its acquisition journey. By January 15, 2024, Kangaroo BidCo had amassed an impressive 94.75% stake in Kahoot! ASA, signalling a near-complete consolidation of ownership. The board of directors wasted no time, promptly announcing the initiation of compulsory acquisition proceedings for the remaining shares.

The transaction was announced on 11/15/2023 and completed on 01/23/2024, the consortium acquired Kahoot! ASA for NOK 2.804,73mln.

Significant Players

The acquisition of Kahoot by Goldman Sachs Asset Management has mobilized an impressive alliance of investment entities and influential stakeholders, creating a narrative of strategic consolidation in the education technology sector. With Goldman Sachs Asset Management at the helm, the acquisition was not a solo effort, but a joint effort with General Atlantic, an investor with a robust track record and a sizable stake in Kahoot. Their continued involvement since 2022 indicates a deep conviction in the company's long-term value proposition. The partnership also includes KIRKBI Invest A/S, a subsidiary of the venerable LEGO Group, which brings a tradition of investing in the interplay of learning and play - an ethos that resonates deeply with Kahoot's educational mission. Glitrafjord AS, led by Kahoot CEO Eilert Hanao, represents the essential role of the company's leadership in shaping the future direction following the acquisition. This leadership, along with additional unnamed investors and management shareholders, forms a synergistic group, each contributing strategic insight and resources, underscoring their collective support for Kahoot's potential to reshape education engagement on a global scale. This coalition is critical as it brings together a diverse set of skills and perspectives, creating a robust foundation for Kahoot's future development. Their shared vision aims not only to maintain the platform's existing successes, but also to innovate and capture new market opportunities by capitalizing on technological advances and emerging trends in digital learning.

On the financial side, Kangaroo BidCo AS, specifically established by Goldman Sachs Asset Management to execute this deal, made an attractive cash offer, setting the value of the shares at NOK 35 each. This figure was a testament to the perceived value of Kahoot and represents a premium well above the share price prior to the announcement of the acquisition, underlining investor confidence. Following this announcement, Kahoot's share prices soared, reflecting the market's positive reaction to the terms of the acquisition and the board's unanimous recommendation in favor of the transaction. The premium of the offer suggests that the consortium of investors recognizes the inherent and untapped value within Kahoot and reaffirms its potential for exponential growth and market leadership in the emerging ed-tech industry. The acquisition comes at a pivotal moment when the global education landscape is experiencing a paradigm shift towards digital learning, accelerated by the pandemic-induced transition to remote education. In this context, Kahoot's platform, known for its interactive and game-based approach to learning, is well positioned to capitalize on the increasing demand for innovative and accessible educational tools. Beyond the immediate financial impact, the transaction carries broader significance. The move to take Kahoot private indicates a strategic realignment and provides the company with the agility of private ownership - free from the short-term pressures of public markets - allowing it to pursue aggressive growth strategies, product development and potential market expansions with greater discretion and speed. The consortium's collective expertise in technology investment, strategic business growth and knowledge of the education sector is expected to support Kahoot's mission to make learning universally accessible and engaging.

Insights Into The Leadership and Into Investor Perspectives

Eilert Hanoa, Chief Executive Officer at Kahoot!, openly expressed her faith in the promising acquisition. She believes this transaction provides a partnership which will be a significant leverage in the Kahoot!'s establishment as leading learning platform worldwide. The objective of reaching hundreds of millions of users around the globe, for both educational, domestic, and work-related purposes, has never seemed so close.

Almost two months after the delisting of Kahoot! from Oslo Børs, on March 18, 2024, the company presented a profoundly renovated BoD, aimed at fostering expansion and innovation. The new Chair, Gavin Patterson (alongside the new BoD), will oversee the development of new product strategies and the increase of global sales, in order to create additional value for every user, under the guidelines of a robust leadership strategy. His intention is to leverage on Kahoot!'s customer base, flexible portfolio, and sensational team, in order to consolidate the firm's position as leader in the industry, while guaranteeing

its steady growth. As stated by Hanoa: “This marks the start of a new era for the company”. The high hopes for the future of Kahoot! appear to be widely stoked by the co-investors in the acquisition. Chris Caulkin, the Managing Director and Head of Technology for EMEA at General Atlantic, was keen to reaffirm its company’s commitment to the transaction, aimed at fostering Kahoot!’s growth in the long-run and deepening the relationships between the investors’ and investee’s teams. Moreover, Thomas Lau Schleicher, KIRKBI’s Chief Investment Officer, was eager to accelerate Kahoot!’s expansion under his supervision. Not only was he impressed by “the company’s journey”, but he wanted to highlight the alignment between KIRKBI’s values and the target-company’s mission to feed the lust for knowledge of curious learners worldwide. Additionally, Kahoot!’s acquisition perfectly reflects KIRKBI’s long-term investment strategy, Schleicher concluded.

Goldman Sachs’ Asset Management Global Co-Head of Private Equity, Michael Bruun, satisfied with the successful acquisition, was confident about the contribution that his firm will provide to Kahoot!. More specifically, Goldman Sachs “will help to grow its (Kahoot!) impact and accelerate value for all shareholders”. Furthermore, Bruun expressed his excitement to financially cooperate, mainly via M&A transactions and strategic acquisitions, with the target and its brilliant leadership team in the achievement of their mission. Following the announcement of Kahoot!’s new Board of Directors last March, Bruun’s name appeared. Among the most relevant objectives mentioned from their agenda, he highlighted the importance of developing a “must-have product offering”, enjoyable both from corporations, educational institutions, and individuals.

Conclusion

In summary, the acquisition of Kahoot! by Goldman Sachs Asset Management and its strategic partners marks a transformative milestone in the education technology sector. This collaboration brings together a formidable alliance of investment powerhouses and educational visionaries, setting the stage for Kahoot! to enhance its innovative platform and expand its global influence. By integrating the strengths of these diverse investors and leveraging their collective expertise, Kahoot! is poised to redefine educational engagement and accessibility worldwide. As the company moves forward under this robust new ownership structure, it is well-equipped to navigate the evolving educational landscape and continue its mission to make learning a delightful and impactful experience for users across the globe.