

Play Magnus AS

Annual Report

2020



PLAY MAGNUS
GROUP OF COMPANIES

Annual Report 2020

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PLAY MAGNUS
GROUP OF COMPANIES

Founded in 2013, Play Magnus Group's vision is to drive innovation in chess to bring a millennia-old sport into the future

Our Mission

- Introduce more people to **play** and **watch** chess
- Encourage more people to **learn** and **study** chess
- Enable more people to **earn a living** from chess

We want to bring chess to as many people around the world as possible.

Our products and services are geared to make it easy, fun and efficient to learn, play, and watch this timeless but modern activity, as well as to allow the industry content creators make a living from their contributions.

ECOSYSTEM OVERVIEW

PLAY MAGNUS
GROUP OF COMPANIES

PLAY



Whether it's competing online, challenging a friend, sparring with an AI version of Magnus, or solving puzzles, *Play* is central to the chess experience.

LEARN



Learning is at the heart of Play Magnus Group, where we have developed market-leading technologies, courses and materials for players of all levels to improve their chess.

WATCH



Capturing the thrill of the sport, our broadcasts and Tour bring together the world's best and most exciting players in top level competitions or casual shows with fans.

OUR LEADING BRANDS

PLAY MAGNUS
APP SUITE

chessable

 **chess24**®

 Meltwater
**CHAMPIONS
CHESS TOUR**

CoChess

iChess.net

EVERYMAN CHESS

NEW IN CHESS

2020 IN REVIEW



Feb 2020

Completed Series B funding of approx. NOK 126 million



Apr 2020

Magnus Carlsen Invitational brings professional chess online

Apr 2020

Launch of Chessable's MoveTrainer™ 2.0, further enhancing the world's leading chess improvement tool



May 2020

The Magnus Carlsen Chess Tour is announced with four more events and a \$1M prize fund

May 2020

Magnus Carlsen's first Chessable course launches on the platform



Oct 2020

Completed private placement of NOK 452 million and listing on Euronext Growth Oslo (Merkur Market)

EURONEXT GROWTH



Nov 2020

Launch of the Champions Chess Tour with a \$1.5M prize fund, the first full year-long pro circuit in chess with 10 monthly tournaments

iChess.net

Nov 2020

Announced acquisition of iChess LLC



Dec 2020

Finished 2020 with full year results of 158% pro-forma* bookings growth y/y and 170% revenue growth y/y

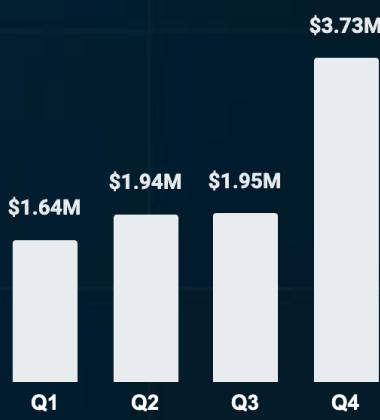
KEY FIGURES



FY 2020 BOOKINGS

\$9.26M

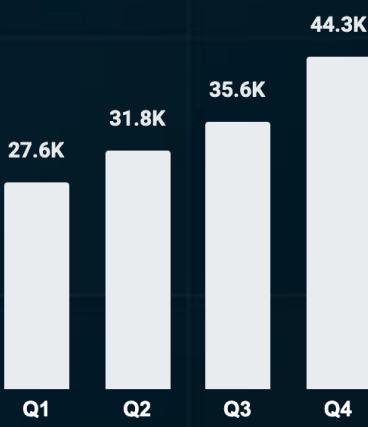
158% Y/Y*



Q4 AVG MONTHLY PAYING USERS

44.3K

89% Y/Y



Q4 AVG ARPPU

\$18.4

30% Y/Y



60M

Live broadcast views of PMG tournaments in 2020

193K

Peak concurrent viewers of the Magnus Carlsen Chess Tour

\$1.4M

Total prize fund paid out to chess players in 2020 by PMG

5

Chessable courses launched by world's top 10 players

1,300+

Digital courses published by PMG companies to date

MANAGEMENT TEAM



Andreas Thome

Chief Executive Officer

Play Magnus since 2017

20+ years of experience in management and sales of international software and technology companies notably at Opera Software ASA (9 years), where he was COO / CCO



Dmitri Shneider

Chief Financial Officer

Play Magnus Group since 2019

International Chess Master and CFA charterholder with 12+ years experience in finance notably at J.P.Morgan (11 years), where he was most recently Executive Director and Equity Strategist



David Kramaley

Chief Technology Officer

Chessable since 2015, Play Magnus Group since 2019

MSc of Psychology of Education from Bristol University with 10+ years experience in development, scale-ups and management of start-ups notably as Founder of Chessable and Sharkius Games



Sebastian Kuhnert

Chief BD Officer

chess24 since 2017, Play Magnus Group since 2019

12+ years experience in management of technology companies across chess24, Tradimo Interactive and PokerStrategy.com



Arkus Fredriksson

Chief Strategy Officer

Play Magnus Group since 2016

5+ years experience in finance, strategic initiatives and corporate development from Play Magnus Group and Lazard



Gerald Tan

Chief Product Officer

Play Magnus Group since 2020

20+ years experience in e-learning and entertainment with senior product roles at EF Education First, Electronic Arts, and King

CEO STATEMENT

ANDREAS THOME
Chief Executive Officer

The past year has seen unthinkable challenges and disruptions across societies around the world. As the pandemic spread, causing significant hardship for so many, global health efforts necessitated moving more and more aspects of our lives online and at an accelerated pace. The chess world was no different. While chess, like many other games and sports, has seen many of its in-person activities cancelled or curtailed, online activity saw outsized growth in 2020. Play Magnus Group companies have been laying the foundation for a generational shift online and were in a prime position to provide leading experiences and services in the realm of online learning, playing and professional chess competition. Our mission is to introduce more people to play, watch, learn and make a living from chess, and it is inspiring that amidst this difficult backdrop, our great game of chess is bringing joy and entertainment to a record number of players and enthusiasts. Helped by the widely popular Queen's Gambit miniseries which brought a whole new set of audiences, we are excited about what the future will bring for the chess industry and Play Magnus Group.

We are very proud to have brought Play Magnus Group to Euronext Growth Oslo in October 2020, becoming the world's only publicly traded chess company and raising USD 31.5M in the process. Our strong financial position enables us to further invest in the growth of chess, our people and realize further strategic initiatives both organic and inorganic.



Play Magnus was founded in 2013 with the focus on building a commercial company in chess centered around Magnus Carlsen to popularize the game. The positive benefits of chess and untapped opportunity in the industry were clear from the beginning. More than 600M people are thought to play the timeless game in every corner of the globe. In addition, the positive benefits chess has in education, health and for young children are a strong motivation particularly given that the game can be enjoyed by anyone regardless of age, gender, nationality or proficiency.

As additional opportunities in chess and ambitions of Play Magnus became more apparent over the years, Play Magnus extended into new verticals through the acquisitions of play and watch platform chess24 in March 2019 and e-learning platform Chessable in August 2019. By bringing together multiple passionate teams and services together, Play Magnus Group was formed to drive innovation in chess to bring the millennia-old game into the future.

Throughout time, chess has always had a place in the public eye, however in 2020 this took off in a whole new way first with the

chess boom in the Spring as the world went into lockdown due to COVID, and later in the Fall when *The Queen's Gambit* captured the beauty of chess for millions on Netflix. Within the first 28 days, 62 million households watched *The Queen's Gambit*, making the chess-focused drama the most watched miniseries on Netflix in history.

We were thrilled that *The Queen's Gambit* was able to expose the allure and benefits of the timeless game and create millions of new fans around the world.

Play Magnus Group plays an impactful role in the chess industry as a large, professional organization that can realize projects to bring chess forward. It's in the nature of our teams to innovate and make calculated investments and risks to benefit the chess world in never-before-seen ways. When the world went into lockdown in early 2020, chess24 mobilized and reorganized from a company covering chess tournaments to an organizer which launched the first professional online chess tour. The Magnus Carlsen Chess Tour committed the largest ever prize fund of USD 1 million to the world's best players, who along with fans, faced significant uncertainty due to tournament cancellations and postponements.

In November we launched the Meltwater Champions Chess Tour, a full year-long competition committed to providing more opportunities for professional players and serving as a vehicle to invite brands to support the sport in a professional manner and affiliate with the great reputation and positive benefits of chess. With the Tour we

are bringing new concepts to the sport of chess and the way it is shared with audiences. A significant addition to the launch of the 2021 season was the unveiling of the new global studio in Oslo which features commentary and lifestyle content to also cater to non-chess playing audiences.



The new Oslo studio celebrating the launch of the 2021 Champions Chess Tour

More recently in April 2021 we launched the Julius Baer Challengers Chess Tour together with chess legends Judit Polgar and Vladimir Kramnik to support young male and female chess talents to compete in gender-balanced tournaments and receive weekly coaching sessions from chess superstars.

Helping chess players learn and improve is core to Play Magnus Group's mission and we are proud of the impact that we have had in the chess education space. Chessable is the leading e-learning service both with its innovative MoveTrainer™, a spaced-repetition tool for players to learn chess in a fun, fast and efficient manner, coupled with an expansive library of educational chess content.

The digitization of chess content is a central theme behind the strategy of Play Magnus

Group. In 2020, the team at Chessable accelerated its pace of original content launches and also added video courses by a number of the biggest names in chess to its catalog. In one of the industry's first, Chessable took some of the most classic print books in history, and digitized them, while adding additional video presentations by the most respected chess teachers in the industry.

To build on our leading position in content, in Q4 2020 Play Magnus Group acquired iChess, which, together with Chessable and chess24, makes Play Magnus Group the owner of the largest digital video library in the world across all chess categories. To expand on that, we have also acquired two of the largest chess print publishers New In Chess and Everyman Chess in Q1 2021 in order to secure their unique print catalogs of chess content, also making Play Magnus Group the largest single owner of classical chess literature in the world.

Going forward, in Q1 2021, we also signed long-term deals with bestselling content creators such as Judit Polgar and Simon "GingerGM" Williams so that chess fans around the world can be sure that they will see a continuous flow of great educational courses from these engaging teachers. In addition to focusing on securing content and content creators, our M&A strategy involves trying to find teams that are building technology that improves chess learning.

Beyond Chessable, in the Summer we launched CoChess, an online platform to connect chess coaches with students around the world for live, virtual lessons given the stay-at-home paradigm and difficulty of travel in 2020.



Magnus Carlsen filming his first Chessable course alongside Chessable co-founder, John Bartholomew

While the world faced significant challenges in 2020, Play Magnus Group was well positioned to bring to life necessary initiatives to sustain activities in the chess industry and help spark a chess boom that has contributed to strong growth and financial performance. While in 2020 we witnessed the legitimization of professional online chess, explosion of chess on Twitch and effect of The Queen's Gambit, in 2021 the chess world eagerly anticipates the return of over-the-board chess tournaments and the World Chess Championship. The Meltwater Champions Chess Tour is continuing to expand in audience and significance, most recently in February 2021 breaking the World Chess Championship 2018 record for peak concurrent viewers on online streaming platforms for a professional chess tournament with 283 000 peak viewers.

We at Play Magnus Group have never been more passionate about our mission and are excited for the next chapter of chess in 2021 and beyond. Our team is now reaching 140 full-time team members, who share common goals in continuing to drive innovation and popularize chess worldwide.

SOCIAL COMMITMENT

As a company, Play Magnus Group has worked to ensure that our mission to promote chess and chess learning fosters positive social outcomes. In 2020, beyond the Group's core initiatives, Play Magnus Group supported a number of non-profit partners both within chess and beyond including Kiva, Chess in the Schools, US Chess School, and more.

Scholastic initiatives

Play Magnus Group is proud to support chess in schools worldwide. Our suite of learning tools help children develop their skills from beginner to master and beyond.

According to a survey from our friends at Chess in the Schools (CIS), a New York nonprofit promoting free chess programs in public schools that has taught chess to over 500,000 kids in its existence, 91% of teachers reported the growth of analytical and logical reasoning skills in their students as well as an improved ability to concentrate.

97% of teachers reported that chess had a meaningful positive influence on their students.

In addition to providing a substantial number of free courses and subscriptions, Play Magnus Group's platforms have helped livestream events that featured prominent players and chess celebrities to raise funds for the CIS cause.

Chessable is a proud supporter of the US Chess School, a non-profit

dedicated to supporting the most talented youth in the United States.

In August 2020, Play Magnus Group partnered with Kiva, a non-profit organization for lending money to entrepreneurs and students, for the final of the Magnus Carlsen Chess Tour and donated 50% of the sales of all new chess24 Premium memberships purchased during the event to Kiva's Global COVID-19 response fund.

Beginning in 2020, chess24 began organizing the World Online School Chess Tournament, which features over 2,000 participants representing nearly 300 schools from 54 countries. Together with the Spanish Pavilion of the Expo Dubai, the tournament seeks to expand awareness of the potential of chess as a key educational tool with hundreds of hours of chess coaching on CoChess provided for free to students around the world.



Chess24's Fall Charity Chess Challenge to benefit Chess in the Schools

Promoting gender equality

There remains a significant gap in participation of men and women at all levels in the chess world. At the professional level, only about 2.5% of the top 1500 players in the world are women. Finding explanations for this is a topic of ongoing research, but the ratio is improving. For instance, the overall number of internationally ranked female players has increased by nearly 10% over the past 20 years.¹

Grandmaster Judit Polgar, far and away the best female player ever, has worked tirelessly to encourage women and girls to learn and play chess. She famously became the first woman to defeat a reigning world champion in a rated game when she won against Garry Kasparov in 2002, and remains the only woman to have broken into the top 10 players in the world — reaching the number 8 spot in 2005. She recently joined as Play Magnus Group as educational

ambassador and will be active across the Group in the coming years.

We are also taking steps to increase gender diversity in our internal hiring practices, and in 2020 increased the percentage of female team members from 18% to 22%. While there is a long way to go, we are making progress as 27% of new hires in 2020 were women, with an increasing number of them in leadership roles. We believe this is not only good policy, but also good for business. Data from McKinsey & Company indicates that companies with diverse staff perform better than those without, and these gains compound over time.²



Judit Polgar, the strongest female chess player of all time has joined Play Magnus Group as Education Ambassador

1. <https://theconversation.com/whats-behind-the-gender-imbalance-in-top-level-chess-150637>
 2. <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>

BOARD OF DIRECTORS' REPORT

Overview

Play Magnus Group is driving innovation in chess to bring a millennia-old sport into the future. We want to bring chess to as many people around the world as possible. Our products and services are geared to make it easy, fun and efficient to learn, play, and watch this timeless but modern activity, as well as to allow the industry content creators make a living from their contributions.

Play Magnus AS is the parent company of Play Magnus Group and was admitted to the Euronext Growth Stock Exchange in October 2020. Play Magnus Group is a global company, headquartered in Oslo, Norway. As of year-end 2020, the company teams were predominantly based in Norway, England, Spain, Germany, Latvia and the Netherlands.

Review of the consolidated financial statements

Play Magnus Group consolidated financial statements follow the International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU). On 1 Dec 2020, Play Magnus Group acquired the chess video content company iChess, operator of www.ichess.net and www.ichess.es, which is included in the consolidated statements since the date of acquisition.

Consolidated operating revenue for the financial year 2020 was USD 7.9 million compared to USD 2.9 million for the financial year 2019, representing 170% growth with

increases across all operating segments. Pro-forma growth was 110% with 2019 at USD 3.76 million, which includes the revenue from chess24 and Chessable prior to their acquisition dates of 1 Feb 2019 and 8 Aug 2019, respectively, but only includes revenue from iChess post-acquisition on Dec 1, 2020.

Operating expenses for the financial year 2020 were USD 22.2 million whereof share-based compensation expense and related payroll taxes, contingent consideration paid in the acquisition of Chessable and listing preparations and fees accounted for USD 6.1 million. Tour prizes accounted for USD 1.4 million. EBITDA for the financial year 2020 was USD -11.2 million compared to USD -2.1 million for 2019. After adjusting for share-based compensation expense and related payroll taxes, acquisition related expenses, contingent consideration paid to Chessable and listing cost preparations, EBITDA represented USD -5.1 million for the financial year 2020 compared to USD -1.4 million for the financial year 2019.

Depreciation and amortization expenses for the financial year 2020 was USD 3.1 million, compared to USD 2.1 million for the financial year 2019. For the financial year 2020, the Group had on a consolidated basis net financial expenses of USD 1.5 million, compared to USD 0.2 million for the financial year 2019. The increase in financial expenses was primarily caused by exchange rate differences on foreign currency held in the parent company. The Group's liquidity is diversified across NOK, GBP, EUR and USD, with a higher weighting towards the

Norwegian Krone, which was the currency acquired in the private placement and the functional currency of the parent company.

Play Magnus Group had assets of USD 60.1 million as of 31 December 2020. Non-current assets were USD 23.1 million whereof goodwill and intangible assets accounted for USD 22.0 million. Current assets were USD 37.0 million whereof cash and cash equivalents represented USD 35.3 million. Non-current liabilities were USD 2.5 million. Current liabilities at the end of 2020 were USD 5.0 million whereof deferred revenue represented USD 1.3 million. Equity ratio for Play Magnus Group as of 31 December 2020 was 88%.

The liquidity for Play Magnus Group is strong with a cash balance of USD 35.3 million as of 31 December 2020.

Cash flow from operations was USD -8.5 million for the financial year 2020, cash flow from investing activities was USD -4.8 million, of which USD 2.5 million was related to the Chessable acquisition and USD 2.3 million related to investments in tangible and intangible assets. Cash flow from financing activities was USD 44.0 million, primarily related to the new capital that was raised in 2020.

Review of the parent company's financial statements

The annual accounts for the parent company have been prepared according to IFRS. Revenue for the parent company Play Magnus AS was NOK 14.0 million for the financial year 2020 compared to NOK 7.9 million for the financial year 2019. Operating result for the financial year 2020 was NOK

-57.6 million impacted by equity funding transaction expenses of NOK 21.4 million for the year. Total equity for the parent company was NOK 550.7 million as of 31 December 2020.

Allocation of net profit in the parent company

The parent company Play Magnus AS recorded a net loss of NOK 70.0 million for the financial year 2020. The Board of Directors proposes the net loss to be allocated to retained earnings.

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. Play Magnus Group had a profit loss in 2020 but which has been consistent with forecasts and business plan given its growth strategy. There have been several sizable one-off expenses related to the listing on the Euronext Growth exchange, including financing and adviser fees and significant non-cash share-based compensation costs as a result of vested options which are not expected to occur in 2021.

Impact of Covid-19 on operations

Management believes Play Magnus Group has not been negatively impacted by the pandemic. The business model of the Group is based on online products, services and experiences and online activity saw accelerated growth in 2020 relative to prior years, benefiting Play Magnus Group's revenue growth. The positive benefits of more people staying at home and playing

and learning chess online outweighed disruptions related to cancelled in-person tournaments and activities, reduced ability to travel and create content for key personnel and also limited travel for management and other internal stakeholders. Play Magnus Group has offices in multiple countries with a number of personnel distributed globally, and even prior to the pandemic has had a robust remote work culture which has proved to be resilient during the difficulties of the past year. Management believes that Play Magnus Group is well positioned for a more normalized environment over the coming years.

Risk and risk management

Risk management is a continuous process and an integral part of decision making across Play Magnus Group. All managers are required to assume ownership for their areas of responsibility and ensure that risk management is integrated into day-to-day processes. We have identified the following risks and uncertainties that may have a material adverse effect on our business, financial condition, results of operations or reputation. The risks described below are not the only risks we face.

Market risk

Play Magnus Group is exposed to several market related risks, including but not limited to: access and ability to keep qualified employees, ability to secure long-term agreements with key content creators, continued commercial value of the previously created content catalogue and technology, ability to keep and grow the user engagement and brand awareness, change in user behavior for existing and new users of the products offered by the Group, ability to convert non-paying users to paying

customers, relative competitiveness in the markets where the Group operates, and global or regional economic market conditions.

Credit risk

Play Magnus Group is exposed to credit risk from its operating activities, primarily from potential long-term receivable obligations from its Tour partners. The Group evaluates each of its partners based on numerous criteria to mitigate credit risks and believes the overall risk is low given the focus on working with reputable brands with well established presence in the business community. The Group does not have significant credit risk associated with 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. Play Magnus Group primarily earns revenue in US Dollars, British Pounds and Euros. The sales mix is skewed towards US Dollars, while the costs are weighted towards British Pounds, Norwegian Krone and Euros. The Group aims to mitigate potential FX fluctuations by matching the costs and revenues to the best of its ability by keeping the sales proceeds in the specific currencies which may be needed to pay for the respective costs. The Group cash balance is split between NOK, EUR, GBP and USD, with a higher weighting towards NOK. Management considers the primary foreign exchange exposure for the group to be the cash balances.

Interest risk

The Group paid off a convertible loan obligation in 2020 and currently 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 Group's exposure to interest rate fluctuations and credit availability is therefore limited.

Liquidity risk

Play Magnus Group successfully raised new share capital in 2020, resulting in a strong financial position. Net cash from operating activities in 2020 was USD -8.5 million as Play Magnus Group pursued its strategy of investing and growth. With a cash balance of USD 35.3 million and equity ratio of 88% as of 31 December 2020, management believes there is appropriate liquidity to execute on its business plan.

Mergers & Acquisitions risk

Play Magnus Group has grown both organically and via M&A and expects to continue to do more acquisitions in future. In order to further develop, grow, and secure leadership in the online chess market, the Group may acquire or merge with other businesses, products, content and/or technologies. There can be no assurance that the Group is able to acquire suitable acquisitions on favorable terms or be able to integrate such acquisitions successfully with respect to used time, resources, attention from Management and/or disrupt the existing business functions, and any failure may adversely affect the Group's performance.

Key person risk

The Group is exposed to risk related to the behavior and public perception of key ambassadors. The Group works with public-facing chess personas and professional chess players, authors and coaches that represent the Group through delivering services, entertainment and/or content via the Group's platforms. In particular, the Group is closely associated with Magnus Carlsen, the World Chess Champion and namesake of the Group. He is the co-founder, ambassador and a key participant in core activities of The Group. The Group may be affected by unilateral actions or behaviors taken by Magnus Carlsen or other chess personas that the Group is associated with. These actions may adversely affect the Group's reputation and competitive position and reduce acceptance of the Group's platforms within the online chess community, which could have a material adverse effect on the Group's performance.

The Group has taken actions to diversify its brand exposure by signing Ambassadors such as Judit Polgar, one of the strongest players of all-time, as well as popular Grandmaster Simon Williams "GingerGM" to long-term deals.

Equal opportunities

At the end of 2020, Play Magnus Group had 140 employees and consultants, of which 22% were women. The chess and technology markets in which Play Magnus Group operates are somewhat overrepresented by men, but Play Magnus Group is actively working towards a diversified working environment, including promotions of qualified women into leadership roles. Women are represented in the vast majority of the company's

departments and the ratio between men and women will continue to be monitored. Play Magnus Group strongly respects and supports diversity in general and sees this as a competitive advantage to create value for the company and its shareholders. Play Magnus Group 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

At Play Magnus Group we strongly believe that just like anyone should have the ability to play chess, regardless of age, gender, religion, race or nationality, a diverse workforce is key to developing the leading services and products that we bring to the market. The Company's global team includes members of over 30 nationalities with different cultural and ethnic backgrounds.

Shareholders

Play Magnus Group has a total of 56.3 million common shares and more than 1,300 shareholders as of year-end 2020. The shares are listed on Euronext Growth on Oslo Stock Exchange with ticker code PMG.

Social Commitment

As a company, Play Magnus Group has worked to ensure that our mission to promote chess and chess learning fosters positive social outcomes and we are proud to support chess in the schools worldwide. Play Magnus Group is proud to support chess in schools worldwide. Our suite of

learning tools help kids develop their skills from beginner to master and beyond. In 2020, beyond the Group's core initiatives, Play Magnus Group is supporting a number of non-profit partners, both within chess and beyond including Kiva and Chess in the Schools, US Chess School and many more.

Outlook 2021 and events after the end of the financial year

2020 was an exciting year for the chess industry and Play Magnus Group as it experienced significant growth and launched new business lines and products. In 2021, Play Magnus Group has continued to execute on the strategy of adding key employment hires, signing key content creators such as Judit Polgar and Simon "GingerGM" Williams, broadening out the content library organically, as well as the acquisitions of New In Chess and Everyman Chess, and launching innovative new events such as the Challengers Chess Tour.

As Play Magnus Group is innovating, the chess industry will also continue to experience new competitors, business models, user preferences, technologies, and product launches. Play Magnus Group will stay dynamic and continue to add value for its users through a persistent focus on innovation and creativity to retain its users' brand loyalty and attract further interest within all user categories.

It is an exciting time for chess and Play Magnus Group is well positioned to maintain and grow our leading ecosystem in the chess industry and to deliver innovative products and services that encourage users to play, watch, learn, and make a living from chess.

Oslo, April 27th, 2021
The Board of Directors of Play Magnus AS

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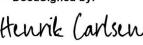
Andreas Thome
CEO

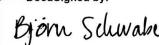
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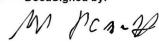
Anders Brandt
Chairman

DocuSigned by:

Enrique Ivan Richard Guzman
Hinojosa
Deputy chair

DocuSigned by:

Henrik Albert Carlsen
Board member

DocuSigned by:

Björn Schwabe
Board member

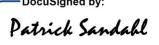
DocuSigned by:

Marco Pasetti Bombardella
Board member

DocuSigned by:

Stanley Franklin Buchthal
Board member

DocuSigned by:

Charles Stonehill
Board member

DocuSigned by:

Patrick Sandahl
Board member

Play Magnus Group Consolidated Financial Statements

Consolidated statements of comprehensive income

Amounts in USD (except per share amounts)	Note	2020	2019
Revenue from customers	9, 10	7 901 547	2 925 598
Total operating revenue		7 901 547	2 925 598
Course content and subscription sales expenses		1 812 407	546 979
Tournament prize expenses		1 411 673	-
Employee benefit expenses	11, 12	2 436 694	1 161 800
Share-based compensation expense	13	2 810 519	676 751
Other operating expenses	21	7 355 223	2 644 604
Depreciation and amortization	15, 23	3 087 673	2 143 559
Equity funding transaction expenses	21	2 360 020	-
Loss on contingent consideration	6	881 901	-
Total operating expenses		22 156 109	7 173 693
Operating profit (loss)		-14 254 562	-4 248 094
Financial income	22	196 308	22 047
Financial expenses	22	1 677 217	236 637
Financial income (expense), net		-1 480 909	-214 590
Profit (loss) before tax		-15 735 471	-4 462 684
Tax expense	20	603 926	65 704
Profit (loss)		-15 131 545	-4 396 980
Other comprehensive income			
<i>Items that will be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		130 728	-30 854
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation to USD presentation currency		3 238 239	-181 389
Total		3 368 967	-212 243
Total comprehensive income		-11 762 577	-4 609 223
Earnings per share/diluted earnings per share	25	-0.40	-0.19

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statements of financial position

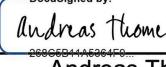
ASSETS			
Amounts in USD	Note	31.12.2020	31.12.2019
Deferred tax assets	6, 20	6 944	13 049
Goodwill	6, 14	7 040 854	6 887 200
Intangible assets	15	14 999 776	14 310 771
Tangible and right-of-use assets	23	1 024 387	658 846
Non-current financial assets	16	50 997	58 611
TOTAL NON-CURRENT ASSETS		23 122 959	21 928 477
Other current assets		1 215 808	146 260
Other current financial assets	16	239 742	240 727
Accounts receivable	17	227 148	104 067
Cash and cash equivalents	18	35 276 258	2 147 358
TOTAL CURRENT ASSETS		36 958 956	2 638 413
TOTAL ASSETS		60 081 915	24 566 890

EQUITY AND LIABILITIES

Amounts in USD	Note	31.12.2020	31.12.2019
Share capital		60 734	31 593
Share premium		71 906 450	21 948 160
Retained earnings		-23 474 459	-7 063 035
Other components of equity		4 164 189	1 806 889
TOTAL EQUITY		52 656 914	16 723 606
Non-current financial liabilities	27	815 875	455 880
Non-current portion of deferred revenue	10	332 083	61 197
Deferred tax liabilities	20	1 322 210	1 644 996
Total non-current liabilities		2 470 168	2 162 073
Convertible loan	7	-	1 889 161
Current portion of deferred revenue	10	1 287 115	725 866
Accounts payable		1 051 826	207 764
Taxes payable	20	1 234	-
Other current financial liabilities	27	215 655	1 915 749
Other current liabilities	19	2 399 004	942 671
Total current liabilities		4 954 833	5 681 210
TOTAL LIABILITIES		7 425 001	7 843 284
TOTAL EQUITY AND LIABILITIES		60 081 915	24 566 890

The accompanying notes are an integral part of the consolidated financial statements.

Oslo, April 27th, 2021
The Board of Directors of Play Magnus AS

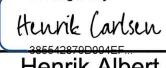
DocuSigned by:

Andreas Thome
CEO

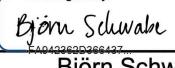
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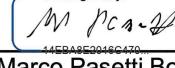
Anders Brandt
Chairman

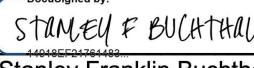
DocuSigned by:

Enrique Ivan Richard Guzman
Hinojosa
Deputy chair

DocuSigned by:

Henrik Albert Carlsen
Board member

DocuSigned by:

Björn Schwabe
Board member

DocuSigned by:

Marco Pasetti Bombardella
Board member

DocuSigned by:

Stanley Franklin Buchthal
Board member

DocuSigned by:

Charles Stonehill
Board member

DocuSigned by:

Patrick Sandahl
Board member

Consolidated statements of cash flows

Amounts in USD	Notes	2020	2019
Operating activities			
Profit (loss) before tax		-15 735 471	-4 462 684
Paid taxes	20	-4 930	-
Depreciation	23	216 885	122 376
Amortisation of intangible assets	15	2 870 787	2 021 183
Accrued interest expense		-	82 376
Share based compensation expense	13	1 609 916	676 751
Items classified as investing or financing activities		120 887	277 869
Gain (loss) on contingent consideration	27	881 901	-
<i>Working capital adjustments:</i>			
Changes in accounts receivable		-102 570	-21 070
Changes in financial assets		17 506	-90 340
Changes in other current assets		-1 060 949	229 255
Changes in deferred revenue		812 238	175 180
Changes in accounts payable		838 262	60 099
Changes in other current liabilities		1 026 456	241 851
Changes in all other working capital items		-	-
Net cash provided from operating activities		-8 509 082	-687 154
Investing activities			
Investments in tangible and intangible assets	15, 23	-2 314 814	-757 187
Payment for acquisition of Chessable, net of cash acquired	6		-1 131 489
Transaction costs Chessable and United Mind Sports	6		-255 243
Payment of contingent consideration, Chessable	6	-2 497 189	-
Payment for acquisition of iChess LLC, net of cash acquired	6	55 177	-
Transaction costs iChess LLC	6	-84 619	-
Net cash used in investing activities		-4 841 445	-2 143 919
Financing activities			
Issuance of new shares		45 619 793	-
Transaction expenses related to issuance of new shares		-393 787	
Cash proceeds from convertible loan	7	-	1 822 261
Repayment of convertible loan	7	-951 864	-
Interest payment on convertible loan	7	-67 543	-
Principal elements of lease payments	23	-164 182	-102 331
Interest paid on lease agreements	23	-36 268	-22 626
Net cash provided by (used in) financing activities		44 006 149	1 697 304
Foreign currency effects on cash and cash equivalents		2 473 278	32 817
Net increase (decrease) in cash and cash equivalents		33 128 900	-1 100 952
Cash and cash equivalents at the beginning of year		2 147 358	3 248 310
Cash and cash equivalents at end of year	18	35 276 258	2 147 358

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statements of changes in equity

Amounts in USD	Share capital	Share premium	Other components of equity	Translation differences reserves¹⁾	Retained earnings	Total equity
Total equity 01.01.2019	18 393	6 904 669	76 993	-	-2 752 502	4 247 553
Profit / (-) loss for the period	-	-	-	-	-4 396 980	-4 396 980
Other comprehensive income that will be recycled	-	-	-	-30 854	-	-30 854
Other comprehensive income that will not be recycled	-334	-231 898	-35 604	-	86 447	-181 389
Total comprehensive income for the period	-334	-231 898	-35 604	-30 854	-4 310 533	-4 609 223
<i>Transactions with owners and their capacity as owners:</i>						
Employee stock option expense	-	-	678 555	-	-	678 555
Capital increase by contribution in kind United Mind Sports Ltd acquisition	11 272	12 722 692	-	-	-	12 733 964
Capital increase by contribution in kind Chessable Ltd acquisition	2 262	2 552 696	-	-	-	2 554 958
Contingent equity consideration Chessable Ltd	-	-	1 085 259	-	-	1 085 259
Equity element of convertible loan	-	-	32 540	-	-	32 540
Total equity 31.12.2019	31 593	21 948 160	1 837 743	-30 854	-7 063 035	16 723 606
Total equity 01.01.2020	31 593	21 948 160	1 837 743	-30 854	-7 063 035	16 723 606
Profit / (-) loss for the period	-	-	-	-	-15 131 545	-15 131 545
Other comprehensive income that will be recycled	-	-	-	130 728	-	130 728
Other comprehensive income that will not be recycled	3 059	4 384 234	130 825	-	-1 279 879	3 238 239
Total comprehensive income for the period	3 059	4 384 234	130 825	130 728	-16 411 424	-11 762 577
<i>Transactions with owners and their capacity as owners:</i>						
Employee stock option expense	-	-	1 410 025	-	-	1 410 025
Share consideration iChess LLC acquisition, not registered	-	-	385 289	-	-	385 289
Contingent equity consideration Chessable Ltd	963	-	-	-	-	963
Capital increase in private placement 1	9 758	13 738 618	300 433	-	-	14 048 809
Capital increase in private placement 2	15 330	32 176 628	-	-	-	32 191 958
Transaction expenses related to private placements	-	-393 787	-	-	-	-393 787
Exercise of warrants	31	52 597	-	-	-	52 628
Total equity 31.12.2020	60 734	71 906 450	4 064 315	99 874	-23 474 459	52 656 914

¹⁾ Translation differences reserves does not include the exchange rate differences resulting from translation to the presentation currency in the parent company

The accompanying notes are an integral part of the consolidated financial statements.

Note 1 Reporting Entity

The reporting entity reflected in these financial statements comprises Play Magnus AS and consolidated subsidiaries (Play Magnus Group or the Group). The parent company, Play Magnus AS, is a privately held Norwegian entity. Play Magnus Group's corporate headquarters are in Oslo, Norway, and the Group has 140 employees and consultants, working out of local offices in 6 countries in Europe.

Play Magnus AS is the owner of the Play Magnus apps and the parent company of the Chessable, chess24, CoChess, iChess, and the Champions Chess Tour brands. The Group is a global leader in the chess industry, with market-leading positions in the e-learning and entertainment space. The Group also organizes top-level chess competitions online.

Play Magnus Group's consolidated financial statements for the year ended 31 December 2020 were approved by the Board on 27 April 2021. The consolidated financial statements for the year ended 31 December 2019 were prepared specifically in connection with the Group's listing on the Euronext Growth exchange in Oslo, Norway. The 2019 financial statements were the first consolidated financial statements for the Group, as the subsidiary companies were acquired during 2019 (see note 6 Business combinations for information relating to the acquisitions) and the first IFRS financial statements for Play Magnus AS (see note in 31 in the 2019 consolidated financial statements for details on the IFRS conversion).

Note 2 Basis of Preparation

The consolidated financial statements of Play Magnus AS and its subsidiaries are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and Norwegian authorities and effective as of 31 December 2020. Play Magnus Group also provides disclosures as specified under the Norwegian Accounting Act (Regnskapsloven).

The financial statements are prepared on a historical cost basis, except for certain assets, liabilities, and financial instruments, which are measured at fair value. Preparation of financial statements including note disclosures requires management to make estimates and assumptions that affect amounts reported. Actual results may differ. Slight rounding differences may occur between the financial statements and the note disclosures.

The functional currency of Play Magnus AS is the Norwegian krone (NOK). Play Magnus Group financial statements are presented in full USD (no rounding of the amount). Play Magnus Group uses USD as the presentation currency for the consolidated financial statements as this is the

currency senior management uses to analyze the key performance indicators of the business and make operational decisions. Additionally, Play Magnus Group operates in a global market, in terms of customers, employees, and investors. A USD presentation currency makes it easier for all of Play Magnus Group's stakeholders to better understand the Group.

The foreign currency exchange differences that are recycled from OCI to the P&L arise from the translation differences upon consolidation of the subsidiaries. The foreign currency exchange differences that are not recycled from OCI to the P&L arise from the translation differences upon consolidation of the share capital in the parent company, Play Magnus AS from its functional currency NOK to the presentation currency of USD.

Related to the three acquisitions completed during 2019 and 2020, for accounting purposes Play Magnus Group consolidated statement of comprehensive income only includes revenues (and related expenses) as from the date of the acquisition. This is as of 28 February 2019 for United Mind Sports, 8 August 2019 for Chessable, and 1 December 2020 for iChess LLC.

Note 3 Significant Accounting Policies

The following description of accounting principles applies to Play Magnus Group's 2020 financial reporting, including all comparative figures. The relevant accounting policies for selected financial statement line items are described in detail in the specific notes in this set of financial statements. Changes in accounting policies and new pronouncements are discussed at the end of this section.

Statement of cash flows

Play Magnus Group uses the indirect method to present cash flows from operating activities. Interest and dividends received as well as interest paid are included in cash flows from operating activities.

Basis of consolidation

The consolidated financial statements include Play Magnus AS and subsidiaries, which are entities in which Play Magnus Group has the power to govern the financial and operating policies of the entity (control). Control is normally achieved through ownership, directly or indirectly, of more than 50 percent of the voting power. Play Magnus AS has 100% of the voting power in all group subsidiaries. Subsidiaries are included from the date control commences until the date control ceases.

Intercompany transactions and balances have been eliminated. Profit and loss resulting from intercompany transactions have been eliminated.

Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency of the transacting entity by applying the rate of exchange as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the entity at the rate of exchange at the balance sheet date. Currency gains or losses are included in the Finance expense.

Foreign currency translation

For consolidation purposes, the financial statements of subsidiaries with a functional currency other than the presentation currency of the United States dollar (USD) are translated into USD. Assets and liabilities, including goodwill, are translated using the rate of exchange as of the balance sheet date. Income, expenses, and cash flows are translated using the average exchange rate for the reported period. Goodwill is recognized in the predominant functional currencies in the acquired businesses.

Translation adjustments are recognized in Other comprehensive income and accumulated in Currency translation differences in Other components of equity. On disposal of such subsidiary, the cumulative translation adjustment of the disposed entity is recognized in the income statement as part of the gain or loss on disposal.

Government grants

Government grants are recognized in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. Grants are recognized when there is a reasonable assurance that Play Magnus Group will comply with relevant conditions and that the grants will be received. Government grants are deferred in other non-current liabilities until the associated activity is performed or expenses recognized. All government grants are recognized net in other operating expenses.

Measurement of fair value

Play Magnus Group measures certain assets and liabilities at fair value for the purposes of recognition or disclosure. Non-recurring fair value measurement is used for transactions, such as business combinations, contingent consideration, and other non-routine transactions. Play Magnus Group does not have any recurring fair value measurement as the group does not have any derivative financial instruments, equity investments, or other similar financial assets or liabilities that are measured at fair value. Stock option expense is measured using the fair value measurement rules in accordance with IFRS 2 Share-based Payment.

Changes in accounting policies and new pronouncements

There are no changes in accounting principles. None of the issued, not yet effective, accounting standards or amendments to such standards are expected to have significant effects on Play Magnus Group's financial reporting.

Note 4 Significant estimates and judgments

The application of accounting policies requires that management makes estimates and judgments in determining certain revenues, expenses, assets, and liabilities. The following areas involve a significant degree of judgment and complexity, and may result in significant variation in amounts:

- Valuation of deferred tax assets – see note 20
- Identification and initial measurement of intangible assets acquired in a business combination – see note 6
- Fair value of the shares issued as consideration in connection with a business acquisition – see note 6
- Valuation of contingent consideration in connection with a business acquisition – see note 6
- Capitalization of internally generated intangible assets - see note 15.

Note 5 Financial risk disclosures

Credit risk

Credit risk for the Group consists of balances held at Play Magnus Group collection agents such as Apple, Google, and other well-established entities; as well as, cash deposits held at several banks that have a long history and credible reputations. There may be some credit risk related to partnership customers for longer-term contracts, though management believes this risk is very low given the focus on working with reputable brands with a well-established presence in the business community. Management believes platform customer risk is very low as customers generally need to pay upfront in order to receive services.

Liquidity risk

The Group needs to maintain enough liquidity in order to pay content creators as well as salaries and other major operational costs such as Tour prizes. Most of the Chessable content creators get paid on a revenue share basis, with the payout occurring approximately 30-60 days after the course sale. Tour prizes are paid within 2 weeks after the end of the tournament. Play Magnus Group had a convertible loan balance of USD 1 904 638 as of 31 December 2019 with a maturity on 15 July 2022. The loan obligation was settled in full in Q1 2020. The contingent cash

consideration for Chessable had a maximum term of 36 months but it was management's belief that the criteria would be met in 2020, so it was classified as a current financial liability as of 31 December 2019 (maturity of 12 months or less). This liability was settled in Q2 2020. Non-current lease liabilities have a maturity of 5 years, and all other financial liabilities (current lease liabilities and accounts payable) are due within 12 months. Play Magnus Group has ample cash to support operations and liabilities. The Group has no external debt, no investments in equity securities, and does not use financial derivatives as of 31 December 2020.

Foreign exchange risk

Play Magnus Group primarily earns revenue in US Dollars, British Pounds, and Euros. The sales mix is skewed towards US Dollars, while the costs are weighted towards British Pounds, Norwegian Krone, and Euros. The Group aims to mitigate potential FX fluctuations by matching the costs and revenues to the best of its ability by keeping the sales proceeds in the specific currencies which may be needed to pay for the respective costs.

The Group also has multiple intra-group loans between the parent company and the subsidiaries which are denominated in the functional currency of the subsidiary. Management considers the primary foreign exchange exposure for the Group to be the intra-group loans and the cash balances in the parent company.

The sensitivity analysis depicted in the table below reflects the effect on the Group's loss if the following currencies had strengthened or weakened against the functional currency of the parent company.

Amounts in USD

Currency	Change in exch. rate	Impact 2020	Impact 2019
USD	+/- 10%	514 250	7 990
GBP	+/- 10%	1 040 862	19 002
EUR	+/- 10%	648 633	78 908

Capital management

Management believes that Play Magnus Group is in a growth phase and intends to invest in hiring and new and existing products to grow the market share. Additionally, management will undertake M&A where it sees market growth opportunities. The Group intends to fund M&A and internal growth with current cash balances and equity capital. The Group Policy is to keep its cash in a checking account or invest in government securities. The banks where Play Magnus Group keeps excess liquidity are well established and reputable with a long history of holding deposits without defaults.

Note 6 Business combinations

Accounting policies for business combinations

Business combinations are accounted for using the acquisition method in accordance with IFRS 3 Business Combinations. Consideration is the sum of the fair values, as of the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued in exchange for control of the acquiree.

The acquiree's identifiable assets, liabilities, and contingent liabilities are recognized separately at the acquisition date at their fair value irrespective of any non-controlling interest, and goodwill is recognized to the extent the consideration exceeds identified net assets.

Significant judgment in accounting for business combinations

In a business combination, consideration, assets, and liabilities are recognized at estimated fair value, and any excess purchase price is included in goodwill. In the businesses Play Magnus Group operates, fair values of individual assets and liabilities are normally not readily observable in active markets. Estimation of fair values requires the use of valuation models for acquired assets and liabilities as well as ownership interests. Such valuations are subject to numerous assumptions and are thus uncertain. The quality of fair value estimates may impact periodic depreciation and amortization of fixed assets, and assessment of possible impairment of assets and/or goodwill in future periods. The specific significant judgments for Play Magnus Group during 2020 include the fair value of the shares issued as consideration in the acquisition of iChess LLC, the identification and fair value of the acquired intangible assets, and the fair valuation of the contingent consideration. These are all discussed below in the specific relevant section.

Acquisition of iChess LLC

On 1 December 2020 Play Magnus AS acquired 100% of iChess LLC. iChess LLC is a US-based chess content company that operates the websites www.iChess.net and www.iChess.es. iChess offers quality chess training materials. It has nearly two thousand chess video products in its large and growing content marketplace. The purchase consideration was USD 400 000, and 153 869 shares equivalent to USD 385 259 and additional contingent consideration based on various incentive targets of USD 173 825.

<i>Purchase consideration:</i>	USD
Cash paid	400 000
Ordinary shares issued	385 259
Contingent consideration (fair value at date of acquisition)	173 825
Total purchase consideration	959 084

The assets and liabilities recognized as a result of the acquisition are as follows:

<i>Amounts in USD</i>	Fair value as of acquisition date
Cash	55 177
Trade receivables	15 668
Brand - iChess	121 403
Content/Licenses	485 612
Customer relationships	607 015
Total assets	1 284 875
Trade creditors	-
Public duties payable	-
Other short-term liabilities	70 845
Deferred tax on excess values	254 946
Total Liabilities	325 791
Net identifiable assets	959 084
Goodwill	0
Total consideration for the shares	959 084
Of which cash	573 825
Of which equity	385 259

Significant judgments related to the identification of the acquired intangible assets and their valuation

iChess is a chess video content website with a significant amount of traffic relative to the rest of its peers that sell video content. Relative to Chessable, iChess has been around much longer and has a significantly higher number of titles on offer. It has an established brand which management estimates to be worth approximately USD 120 000. The company has invested a sizable amount of time and resources into building up search engine optimization. As a result of this, iChess.net ranks highly amongst peers for various keywords and overall traffic in the chess world.

Additionally, iChess has built up various relationships with high-value customers, geographically skewed towards the US who have a relatively high willingness and ability to spend. Management estimates a value of USD 600 000 for customer relationships based on potential future cash flows.

The library of content at the time of acquisition has an estimated value of USD 485 000. The content includes courses as well as various bundles of these courses. At the time of the acquisition, iChess had approximately 1850 products in its marketplace, of which it owned about 500, and the rest are sold on a revenue share basis.

Contingent consideration iChess

The contingent consideration maximum payout is USD 200 000 upon iChess meeting the agreed-upon key performance metrics for the fiscal years of 2021 and 2022. The contingent consideration will be measured and paid in two installments, each worth USD 100 000.

Management estimates that there is a 99% probability that the first installment will be paid and a 99% probability that the second installment will be paid. The total estimated fair value of the contingent consideration on 1 December 2020 was USD 173 825. As of 31 December 2020, management's expectations of the probability of iChess meeting the relevant targets within the target deadline for both the deferred share consideration and cash consideration were unchanged.

An estimate of the range of outcomes (undiscounted)

Management believed there was a 99% chance (based on a range of 98-100%) that the first installment of the contingent consideration and 99% chance (based on a range of 98-100%) that the deferred cash consideration would be paid out within three years based on the current revenue generation of iChess and expectation of future growth.

Significant judgment related to the fair value of the shares issued as contingent equity consideration in the acquisition of iChess

The value of the iChess acquisition was agreed between the contracting parties to be approximately USD 985 000 with an initial consideration of USD 400 000 in cash and USD 385 000 in shares. The deferred consideration has a value of USD 200 000, to be paid in cash. The value of the shares was agreed to be NOK 22.18, which was the market value at the closing date.

Additional financial information and Pro-forma revenue and profit (loss)

Related to the acquisition presented above and completed during 2020, for accounting purposes the Play Magnus consolidated statement of comprehensive income only includes revenues (and related expenses) as from the date of the acquisition. This is as of 1 December 2020 for iChess LLC. Relevant information is as follows:

Pro-forma figures

- The revenue and loss, respectively, of the combined Play Magnus Group for the current reporting period (2020) as though the acquisition date for all combinations that occurred during the year had been as of the beginning of the annual reporting period is USD 8 737 thousand and USD 16 132 thousand.

- The revenue and the profit, respectively, for the iChess acquisition since the acquisition date of 1 December 2020 in the consolidated accounts was USD 118 thousand and USD 7 thousand.

Acquisition of United Mind Sports Limited Group

On 28 February 2019, the parent entity acquired 100% of the share capital of United Mind Sports Limited Group, the owner of the chess24 brand and website. The acquisition allows Play Magnus AS to tap into a network of more than one million registered users. It also provides a platform for World Champion Magnus Carlsen to connect with users via his interactions on the platform in both playing, and broadcasting. The combination of Magnus Carlsen and a leading platform for broadcasting is expected to lead to increased premium membership growth going forward and the creation of an ecosystem for Play Magnus. This acquisition was financed by issuing equity with no cash consideration. Total shares issued were 97 941 shares*.

<i>Purchase consideration:</i>	USD
Cash paid	-
Ordinary shares issued	12 600 828
Contingent consideration (fair value at date of acquisition)	-
Total purchase consideration	12 600 828

The assets and liabilities recognized as a result of the acquisition are as follows:

<i>Amounts in USD</i>	Fair value as of acquisition date
Cash	87 454
Accounts receivables	42 428
Tangible assets	18 952
Other current assets	249 434
Other current non-financial assets	208 998
Intangible assets	-
Lease asset	211 896
Brand - chess24	2 277 826
Website	1 708 370
Content/Licenses	244 866
Customer relationships	3 721 968
Total assets	8 772 193
Accounts payable	60 099
Public duties payable	-
Other short-term liabilities	125 590
Current portion of deferred liabilities	381 596
Non-current portion of deferred liabilities	33 182
Lease liability	211 896
Deferred tax on excess values	541 201
Total Liabilities	1 353 565
Net identifiable assets	7 418 628
Goodwill	5 182 200
Total consideration for the shares	12 600 828
Of which cash	-
Of which equity	12 600 828

Significant judgments related to the identification of the acquired intangible assets and their valuation

chess24 is one of the largest chess sites in the world and has built a brand for having entertaining broadcasts by famous chess players and personalities during top tournaments as well as chess24 organized events. At the time of acquisition, it had nearly 850 000 registered users and 600 000 monthly active users coming to the site, and more during significant broadcasts, such as the World Chess Championship. There are also millions of views on different chess24 videos on platforms such as YouTube. Given the significant traffic of users, there's significant potential for monetization via premium subscriptions, ads, or cross-selling of other Group products. chess24 has a solid base of premium subscribers and there's potential to convert more users as it has more influencers such as Magnus Carlsen coming to the platform. It is management's judgment that the brand name has value based on the number of registered and active users, the innovative website and platform technology, and customer loyalty – all aspects of chess24 that underpin the revenue growth potential of the brand.

Management places significant value on the customer relationships and estimates its value with a combination of the lifetime value of current paid users as well as the potential conversion rate of the registered and monthly active user base to paid users as well as network effects of further growth of the user base. Advertising revenue due to the active traffic is valued at approximately the prior year's annual revenue base.

The website's value is in the technology used to broadcast tournaments and live stream events, its play zone, as well as its content library of videos that are free to view for premium members. Nearly USD 2 000 000 has been spent on development costs over the years and management believes it would cost approximately that to recreate the site.

Significant judgment related to the fair value of the shares issued as consideration in the acquisition of United Mind Sports Limited Group

Play Magnus AS valued United Mind Sports at USD 12 949 024 due to its industry-leading position in the chess market, including one of the largest registered users and monthly active user bases amongst the top players. After the consolidation, the owners of United Mind Sports had 38% of the combined entity, as United Mind Sports agreed to value Play Magnus AS shares at NOK 1 129.65 per share* and the combined entity at USD 34 093 137.

The value ascribed to the Play Magnus AS shares was based on the Play Magnus AS user base, apps, as well as the significant value of its relationship and brand rights to the World Chess Champion, Magnus Carlsen, and the potential of the combined entity for future growth.

Play Magnus AS used NOK 1 129.65* as the fair value for shares in its acquisition of United Mind Sports Limited Group. The conversation around the deal price began and was agreed to in the second half of 2018, which is after the financing rounds in May through September of 2018. The growth that Play Magnus AS experienced in the second half of 2018 was in line with expectations and not material enough to change the valuation of the Play Magnus AS share price that was agreed to prior to the closing of the transaction.

Acquisition of Chessable Limited

On 8 August 2019 Play Magnus AS acquired 100% of Chessable Limited. Chessable is an e-learning site with a focus on systematic chess learning via its MoveTrainer technology and is also a marketplace of chess courses. The acquisition expands the Play Magnus AS ecosystem into the e-learning space and offers an additional service that can be marketed to its existing user base. Total ordinary shares issued were 19 651 shares*.

<i>Purchase consideration:</i>	USD
Cash paid	1 280 647
Ordinary shares issued	2 528 245
Contingent consideration (fair value at date of acquisition)	2 846 545
Total purchase consideration	6 655 437

The assets and liabilities recognized as a result of the acquisition are as follows:

<i>Amounts in USD</i>	Fair value as of acquisition date
Cash	149 158
Trade receivables	-
Office machinery and equipment	12 932
Other receivables	1 473
Brand - Chessable	1 252 805
Tradename - MoveTrainer	626 402
Website	876 963
Content/Licenses	1 879 207
Customer relationships	1 503 365
Total assets	6 302 306
Trade creditors	-
Public duties payable	-
Other short-term liabilities	185 508
Deferred tax on excess values	1 166 361
Total Liabilities	1 351 869
Net identifiable assets	4 950 436
Goodwill	1 705 001
Total consideration for the shares	6 655 437
Of which cash	3 053 280
Of which equity	3 602 158

Significant judgments related to the identification of the acquired intangible assets and their valuation

Chessable is a leader in the e-learning space with a strong brand to make chess learning fun, fast and efficient given the success of its MoveTrainer™ technology. It has an established brand which management estimates to be worth GBP 1 000 000. It also has a fast-growing library of both paid and free content. Chessable has already established a reputation for high-quality content which is evident in the sales of its top-selling courses. Management estimates that the first year of course sales is approximately 1/3 of the lifetime value of sales and estimates the future revenue generation from the already launched courses accordingly.

Additionally, the customer relationships that Chessable has established via its PRO subscriptions, daily active users, and its rapidly increasing base of monthly customers is expected to provide significant value in the future. Management estimates the value of these

relationships based on current PRO subscribers and daily and weekly active users, and these users' current and future value as well as the potential conversion of Chessable's current registered base to paid users in the future.

Chessable has a 10-year trademark for MoveTrainer™ in the United States that was granted in September 2019, and in the European Union that was granted in August of 2020. Management estimates its future value based on the royalty revenue model and what it could potentially cost another party to make use of this trademark given its established leadership in the space of chess learning.

The website value is estimated based on the fair market value cost of developing the site today. Goodwill is USD 1 678 204.

Contingent consideration Chessable

The contingent consideration maximum payout was GBP 2 000 000 and 9 826 shares* of Play Magnus AS upon Chessable meeting the agreed-upon key performance metrics within three years of the acquisition date of 8 August 2019. Management estimated at the date of acquisition that there was a 95% probability for the 9 826 shares* that would be issued and a 75% probability that the GBP 2 000 000 (USD 2 430 223) would be paid out to the previous Chessable shareholders. The total estimated fair value of the contingent consideration on 8 August 2019 was USD 2 801 807. As of 31 December 2019, management's expectations of the probability of Chessable meeting the relevant targets within the target deadline for both the deferred share consideration and cash consideration were unchanged. On 31 December 2019, the Chessable revenue monthly run-rate was already on track to meet the deferred share issuance target, and this also was evidence for meeting the cash consideration target by the end of 2020. Therefore, the contingent consideration liability was classified by management as a current financial liability.

The contingent consideration would be paid out in two installments as per the agreement. The deferred shares consideration of 9 826 shares* was to be paid upon Chessable meeting the first revenue target over two consecutive quarters. The deferred cash consideration of GBP 2 000 000 (USD 2 430 223) would be paid out when Chessable achieved the second, slightly higher revenue target over two consecutive quarters. There was a three-year window from the acquisition date for Chessable to achieve both of these targets, and after one year there were additional margin requirements that had to be met. Chessable met both revenue targets and both installments of the contingent consideration were paid in 2020. The revaluation of the contingent consideration gave a loss on contingent consideration of USD 881 901 for 2020.

Significant judgment related to the fair value of the shares issued as contingent equity consideration in the acquisition of Chessable

The value of the Chessable acquisition was agreed between the contracting parties to be approximately GBP 3 000 000 with an initial consideration of GBP 1 000 000 in cash and GBP 2 000 000 in shares. The deferred consideration had a similar value of GBP 3 000 000, with deferred shares consideration being GBP 1 000 000 and deferred cash consideration being approximately GBP 2 000 000.

The value of the shares was agreed to be NOK 1 129.65*, the same value as was ascribed to the Play Magnus AS shares for the United Mind Sports acquisition earlier in 2019. The value ascribed to the Play Magnus AS shares was based on the chess24 synergies and the Play Magnus AS user base, apps, as well as the significant value of Play Magnus's relationship and brand rights to the World Chess Champion, Magnus Carlsen, and the potential of the combined entity for future growth.

Business combinations after the reporting period

Play Magnus Group made the following acquisitions in Q1 2021. Given the recency of the transactions, not all details concerning the purchase price allocation are ready to be disclosed and will be disclosed in the semi-annual report for 2021.

Interchess B.V.

Interchess B.V., the operator of the New In Chess brand, was acquired by Play Magnus AS on 29 January 2021. The purchase price was USD 3 495 thousand (EUR 2 879 thousand) with the whole consideration paid in cash. The liquid assets and securities included 137 900 shares in Play Magnus AS, with a value of USD 475 thousand (EUR 392 thousand), cash of USD 1 117 thousand (EUR 920 thousand), and a deferred tax asset of USD 49 thousand (EUR 40 thousand). The impact on cash flow in 2021 is approximately USD 2 377 thousand. The balance of the purchase price is allocated primarily to the value of the New In Chess brand and its IP catalog consisting of approximately 200 titles, as well as its customer base and inventory.

Gloucester Publishers Limited

Gloucester Publishers Limited, the operator of the Everyman Chess brand, was acquired by Chessable Limited on 02 March 2021. The purchase price was USD 1 694 thousand (GBP 1 214 thousand) with the whole consideration paid in cash. In addition to the initial cash consideration, the sellers are entitled to an additional contingent consideration of USD 313 thousand (GBP 225 thousand) and up to a total of USD 412 thousand (GBP 295 thousand) to be paid in 2022, dependent on certain targets being met. The liquid assets consisted of USD 251 thousand (GBP 180 thousand) in cash. The impact on cash flow in 2021 is approximately USD 1 443 thousand.

The balance of the purchase price is allocated primarily to the value of the Everyman IP catalog consisting of approximately 400 titles, the Everyman Chess brand, and inventory.

Ginger GM Limited

Ginger GM Limited, the operator of www.gingergm.com, was acquired by Chessable Limited on 24 February 2021. The consideration was USD 520 thousand, with a cash consideration of USD 320 thousand and a share consideration of 200 thousand. There is also deferred cash consideration in the form of a gross profit share for five years which is estimated to be approximately USD 50 thousand in aggregate. The purchase price is allocated primarily to the value of the GingerGM brand, customer relationships, and the IP catalog of the website, technology, and goodwill due to synergies related to a long-term content deal that key personnel of GingerGM have with Chessable. The cash flow impact in 2021 is USD 330 thousand.

* On 2 October 2020 Play Magnus AS did a 1:100 share split. The share split is not reflected in the number of shares and share price for the transactions before this date.

Note 7 Convertible loan

Background and terms

A Convertible Loan Facility in the amount of NOK 16 000 000 was created on 15 July 2019 in order to finance the acquisition of Chessable which occurred on 8 August 2019. There were two counterparties: MP Pensjon PK for the loan amount of NOK 10 000 000 and Myrlid AS for the loan amount of NOK 6 000 000. Kjetil Myrlid Aasen was a board member at the time the loan was created and at year-end 2019.

The conversion strike price was NOK 1 129.65*. The tenor was 36 months from the start date of 15 July 2019, with a maturity date of 15 July 2022. The interest rate on the loan was ten percent (10%) per annum. Play Magnus Group could at any time prior to the maturity date notify the lenders in writing that the loan will be redeemed partly or in full. Irrespective of the time of redemption of the loan, the lenders were entitled to receive interest for a period of minimum 6 months. Both of the lenders at their request could convert the outstanding loan amount plus accrued interest at any time during the loan period into ordinary shares. On conversion, the lenders were entitled to receive the whole number of new ordinary shares in the Company resulting from dividing (i) the outstanding loan amount including accrued interest thereon by (ii) the conversion rate which is to be adjusted in accordance with NFF's guidelines for any capital changes in Play Magnus AS (e.g. share splits).

The loan was classified as a current liability based on management's intention of repaying the loan within the next twelve months. Based on the terms of the convertible loan agreement, the

loan has been accounted for under IFRS as a convertible loan with an equity element. The 10% interest rate on the convertible loan was adjusted to a market rate for a loan of similar term and risk without any conversion feature to 12%. The conversion feature was recognized at an amount of USD 32 540 and the amortized cost of the debt is based on an interest rate of 12%. The convertible loan was settled as of 31 December 2020 (31 December 2019: USD 1 889 161) and interest expense in 2020 of USD 48 164 (2019: USD 99 176).

MP Pensjon PK was repaid in full in the amount of NOK 10 709 589 (USD 1 019 553), which includes the principal of NOK 10 000 000 (USD 952 000) and accrued interest (at 10%) of NOK 709 589 (USD 67 553). A loss on the settlement of the convertible loan in the amount of NOK 37 403 was recognized. The repayment was completed on 31 March 2020.

Myrlid AS elected to convert their loan into 5 606 shares* of equity at a strike price of NOK 1 129.65*. This removed the liability at an amortized cost of NOK 6 033 187 (USD 642 534) and accrued interest of NOK 410 843 (USD 43 755). The share capital of NOK 5 606 and share premium of NOK 6 338 424 was recognized. There is no gain or loss recognized on the equity conversion. The conversion occurred on 26 February 2020.

* On 2 October 2020 Play Magnus AS did a 1:100 share split. The share split is not reflected in the number of shares and share price for the transactions before this date.

Note 8 Financial assets and financial liabilities

Accounting policies for financial instruments

Financial assets and financial liabilities are recognized in accordance with IFRS 9 Financial Instruments.

Financial assets

Financial assets represent a contractual right by Play Magnus Group to receive cash or another financial asset in the future. Financial assets include cash and cash equivalents, accounts receivable, and withheld cash receivable. On initial recognition, a financial asset is measured at fair value and classified for subsequent measurement at amortized cost; at fair value through other comprehensive income (FVOCI), or at fair value through profit or loss (FVTPL). The classification depends on the business model and, for some instruments, the entity's choice. Financial assets are derecognized when the rights to receive cash from the asset have expired or when Play Magnus has transferred the asset.

Financial liabilities

Financial liabilities represent a contractual obligation by Play Magnus Group to deliver cash in the future and are classified as either current or non-current. Financial liabilities include the convertible loan, contingent consideration, accounts payable, and other financial liabilities. Financial liabilities are initially recognized at fair value, including transaction costs directly attributable to the transaction, and are subsequently measured at amortized cost. Financial liabilities are derecognized when the obligation is discharged through payment or when Play Magnus Group is legally released from the primary responsibility for the liability.

The specification given below relates to financial statement line items containing financial instruments. Information is classified and measured in accordance with IFRS 9. Financial assets, classified as current and non-current, represent the maximum exposure Play Magnus Group has towards credit risk as at the reporting date. All financial assets and financial liabilities at FAAC and FLAC in the table have an amortized cost that approximates fair value at the balance sheet date.

<i>Amounts in USD</i>	Category	31.12.2020	31.12.2019
Financial assets			
Non-current financial assets	FAAC	50 997	58 611
Current financial assets	FAAC	239 742	240 727
Accounts Receivable	FAAC	227 148	104 067
Cash and cash equivalents	FAAC	35 276 258	2 147 358
Total financial assets		35 794 146	2 550 763

<i>Amounts in USD</i>	Fair value level	Category	31.12.2020	31.12.2019
Financial liabilities				
Convertible loan		FLAC	-	1 889 161
Non-current financial liabilities		FLAC	636 559	455 880
Accounts payable		FLAC	1 051 826	207 764
Current financial liabilities		FLAC	215 655	143 116
Non-current financial liabilities	3	FVTPL	179 316	-
Current financial liabilities	3	FVTPL	-	1 772 633
Total financial liabilities			2 083 356	4 468 554

FAAC - Financial assets at amortized cost

FVTPL - Fair value through P&L

FLAC - Financial liabilities at amortized cost

Note 9 Operating segments

Play Magnus Group identifies its reportable segments and discloses segment information under IFRS 8 Operating Segments, which requires Play Magnus Group to identify its segments according to the organization and reporting structure used by management. Operating segments are components of a business that are evaluated regularly by the chief operating decision-maker for the purpose of assessing performance and allocating resources. Play Magnus Group's senior management team, led by the CEO, Andreas Thome, is considered to be the chief operating decision-maker (CODM). Generally, financial information is required to be disclosed on the same basis that is used by the chief operating decision-maker.

IFRS 8.5(a)(b)(c) identifies three criteria for an operating segment of an entity. IFRS 8.5(b) requires that the operating results be regularly reviewed by the CODM and IFRS 8.5(c) requires the segment to have discrete financial information available. Play Magnus Group's areas of operations are interconnected, making it difficult to report to the CODM discrete financial information related to the different areas of the business (e.g. Courses, Subscriptions, and Tours and partnerships). In addition, management currently has a strong focus on growing revenues and gaining market share as the Group is in a scale-up growth phase. Therefore, Play Magnus currently does not meet the IFRS 8 definition for an operating segment, but rather the entire Group would be one segment and the IFRS consolidated financial statements then representing the Group's reporting.

Management focuses on the following separately managed business areas with products serving different markets, or distinct elements of the business separately followed up and reported to the chief operating decision-maker. These business areas are Courses, Subscriptions, and Tour and partnerships.

Courses: Play Magnus Group offers online courses, including video content by top masters and grandmasters, primarily via Chessable, and iChess, and with small immaterial amounts coming from individual content purchases on the chess24 site.

Subscriptions: Play Magnus Group subscription revenue includes fees associated with the Play Magnus apps, chess24, and Chessable memberships. iChess also offers subscriptions but the contribution is not considered to be material. The memberships of each entity provide a different set of features related to e-learning content and entertainment. The duration of the memberships ranges from monthly to those of one to three years.

Tour and partnerships: Play Magnus Group organizes top-level chess competitions with industry-leading prizes. Play Magnus Group's revenue from this segment is derived from media rights from TV and other broadcast partners, as well as from other brand partners.

Play Magnus Group uses revenue as a key measure for monitoring the business area's performance. Management considers key performance indicators to be both bookings, as well as IFRS results with the difference primarily attributed to the recognition of subscription revenue that's longer than one year in duration and recognition of Tour and partnership revenues which have been contractually agreed to and/or already paid but will be recognized over time when services are provided. Play Magnus Group's revenue that is not part of main operations is reported together with Other revenue. As the services of the Group are primarily delivered to the customers through web-based platforms, information based on the geographic location of the customer is not readily available within the context of segment reporting.

The following table includes information about Play Magnus Group's revenue measures, which are reported on a regular basis to the chief operating decision-maker.

Bookings are defined as revenue that has been paid or contractually agreed to be paid for by the customer. Revenue is considered booked at the time of the sale or signing of a contract. Accounting revenue (IFRS) is recognized at the time of delivery of the service.

Disaggregation of revenue from contracts with customers

	2020		
Amounts in USD	IFRS	Bridge	Bookings
Courses	3 787 153	3 787 153	3 787 153
Subscriptions	2 516 399	2 516 399	2 516 399
Deferred subscription revenue recognized in period		-715 653	-715 653
Deferred revenue of subscriptions - current portion		1 077 195	1 077 195
Deferred revenue of subscriptions - non current portion		332 083	332 083
Foreign currency translation effect		-134 127	-134 127
Tour revenue and partnerships	975 160	975 160	975 160
Deferred revenue tour and partnerships - current portion		209 920	209 920
Contracted bookings that has not yet been invoiced*		641 154	641 154
Foreign currency translation effect		-49 798	-49 798
Other revenue	622 836	622 836	622 836
Deferred other revenue recognized in period		-10 213	-10 213
Foreign currency translation effect		6 062	6 062
Revenue from contracts with customers	7 901 547	1 356 623	9 258 170

2019

<i>Amounts in USD</i>	IFRS	Bridge	Bookings
Courses	749 518		749 518
Subscriptions	1 554 016		1 554 016
Deferred subscription Revenue recognized in period		-357 994	-357 994
Deferred revenue of subscriptions - current portion		715 653	715 652
Deferred revenue of subscriptions - non current portion		61 197	61 197
Tour revenue and partnerships	281 181		281 181
Deferred tour revenue and partnership recognized in period		-140 684	-140 684
Other revenue	340 883		340 883
Deferred revenue other - current portion		10 213	10 213
Revenue from contracts with customers	2 925 598	288 385	3 213 982

* This comes from fees contracted in 2020 but which have not been invoiced as of 31 December 2020. Fees that have been agreed but which the customer is not contractually obliged to pay are not included.

Note 10 Revenue from customers

Accounting policies for revenue recognition

Play Magnus Group accounts for revenue in accordance with IFRS 15 *Revenue from Contracts with Customers*. IFRS 15 requires the reporting entity, for each contract with a customer, to identify the performance obligations, determine the transaction price, allocate the transaction price to performance obligations to the extent the contract covers more than one performance obligation, determine whether revenue should be recognized over time or at a point in time, and, finally, recognize revenue when or as performance obligations are satisfied.

A performance obligation is satisfied when or as the customer obtains control of the goods or services delivered. Play Magnus Group earns revenue via sales of content, subscriptions, and through media, rights partnerships, and ads.

A description of Play Magnus Group's principal revenue-generating activities and performance obligations are as follows:

Course sales: The Group offers online courses, including video content, primarily via Chessable and iChess. An immaterial amount comes from individual content purchases on the chess24 site. The course content sales are recognized at the time of purchase. Chessable has a 30-day refund policy which allows users to receive a refund if they so choose. The refund rate on course revenue is approximately 5%. As of year-end 2020, the refund accrual was considered to be not significant in amount. iChess offers a 100-day refund policy on all digital products with a refund rate of approximately 5%.

Subscriptions: The Group's subscription revenue includes fees associated with the Play Magnus apps, chess24, and Chessable memberships. The memberships of each entity provide a different set of features related to e-learning content and entertainment. The duration of the memberships ranges from monthly to those of one to three years. Monthly subscriptions are recognized at the time of purchase while annual and multi-year subscriptions are recognized on a pro-rata basis (over 12 months for an annual subscription, 36 months for a 3-year subscription). The rest is considered deferred revenue. The Play Magnus apps have in-app purchases that are recognized at the point of sale.

Tour and partnership revenue: The Group organizes top-level chess competitions with industry-leading prizes. Revenue from this segment is derived from media rights from TV and other broadcast partners, as well as from other brand partners. Revenue is recognized as partnership, tour events and relevant obligations are completed.

Other revenue: Other revenue includes primarily ad revenue from chess24 as well as major entertainment platforms such as YouTube and Twitch.

Course content and subscription sales expenses

The Group's primary cost of content is in relation to Chessable and iChess, and in compensating content creators, including authors and publishers. Play Magnus Group operates on a revenue share model in the majority of cases, with upfront cash payments being a less frequent method of compensation. The Group's policy is to pay content creators on a monthly basis with a lag of at least 30-60 days after course sales to account for any potential customer refunds. These revenue share payments are included in the Course content and subscription sales expenses in the Statement of comprehensive income.

Revenue is only recognized from the acquisition date that United Mind Sports, Chessable, and iChess joined Play Magnus Group and the consolidated financial statements are not on a Pro-forma basis.

Disaggregation of revenue from contracts with customers

<i>Amounts in USD</i>	2020	2019
Courses	3 787 153	749 518
Subscriptions	2 516 399	1 554 016
Tour revenue and partnerships	975 160	281 181
Other revenue	622 835	340 883
Revenue from contracts with customers	7 901 547	2 925 598

At a point in time revenue recognition

Courses	3 787 153	749 518
Subscriptions	-	-
Tour revenue and partnerships	-	-
Other revenue	612 622	282 361
Total at a point in time revenue recognition	4 399 775	1 031 879

Over time revenue recognition

Courses	-	-
Subscriptions	2 516 399	1 554 016
Tour revenue and partnerships	975 160	281 181
Other revenue	10 213	58 522
Total over time revenue recognition	3 501 772	1 893 719

Deferred revenue

<i>Amounts in USD</i>	2020	2019
Revenue recognized in this period that was included in the deferred revenue balance at the beginning of the period.		
Subscriptions*	715 653	357 994
Tour revenue and partnerships	-	140 684
Other revenue	10 213	-
Total revenue recognized	725 866	498 678

<i>Amounts in USD</i>	31.12.2020	31.12.2019
Current portion of deferred revenue		
Subscriptions	1 077 195	715 653
Tour revenue and partnerships	209 920	-
Other revenue	-	10 213
Total current portion of deferred revenue	1 287 115	725 866

<i>Amounts in USD</i>	31.12.2020	31.12.2019
Non-current portion of deferred revenue		
Subscriptions	332 083	61 197
Tour revenue and partnerships	-	-
Other revenue	-	-
Total non-current portion of deferred revenue	332 083	61 197

* Subscriptions revenue from deferred revenue in 2019 comes from both Play Magnus AS and the acquired subsidiaries United Mind Sports Limited and Chessable Limited.

Note 11 Employee benefit expense

Accounting policies for employee benefit expense

Payments to employees, such as wages, salaries, social security contributions, paid annual leave and bonus agreements are accrued in the period in which the associated services are rendered by the employee. Post-employment benefits are recognized in accordance with IAS 19 Employee Benefits.

Contributions to defined contribution plans are recognized in the statement of comprehensive income in the period in which they accrue.

Employee benefit expenses*

<i>Amounts in USD</i>	2020	2019
Salaries	3 293 099	1 295 115
Social security costs	568 053	209 308
Other personnel related costs	76 561	69 990
Pension expense	18 838	15 623
Total employee benefit expenses	3 956 550	1 590 036
Less capitalized personnel costs	1 519 857	428 236
Total employee benefit expenses	2 436 693	1 161 800

Average number of FTEs	45.0	22.0
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* Employee benefit expenses do not include senior management costs that are paid through a consultant's contract. See notes 12, 13, and 21 for additional information regarding management compensation. Employee benefit expenses do not include stock options expense, which is shown as a separate line item in the statement of comprehensive income.

Note 12 Management and board of directors remuneration

Main principles for the stipulation of salary and other remuneration to leading personnel

Play Magnus strives to provide a competitive compensation policy to incentivize the CEO and executive management to drive results in accordance with the business strategy and align their interests along with those of the shareholders. Executive management remuneration consists of a base wage and may also include incentive structures such as a cash bonus and share-based compensation. Executive management has consisted of both employees and consultants.

Employees, depending on their jurisdiction, also may have pension and insurance scheme benefits. All pension payments are defined contributions. The CEO's salary and remuneration are decided by the Board of Directors. See also note 13 share-based compensation for additional information.

Starting from 2019, remuneration was paid to the members of the Board of Directors for participating on the Board. One Board member declined to accept a fee for their participation on the Board.

The Director's remuneration for 2019 shows the payment for the 2019 term, which was approved by the annual general meeting and paid in 2020. The Director's remuneration for 2020 has not yet been formally approved.

Payments to Board of Directors

<i>Amounts in USD (except for share ownership)</i>	Director's remuneration for 2019, paid in 2020	TOTAL		Shares 2019*
		remuneration	Shares 2020*	
Anders Brandt , Chairman of the Board ¹⁾	11 192	11 192	1 225 000	1 750 000
Enrique Guzman Hinojosa , Board member ²⁾	11 192	11 192	4 964 620	9 794 100
Henrik Albert Carlsen , Board member ³⁾	11 192	11 192	4 950 480	6 132 800
Erik J. Anderson , Board member ⁴⁾	-	-	760 900	668 500
Charles Stonehill , Board member ⁵⁾	11 192	11 192	60 000	60 000
Kjetil Myrlid Aasen , Board member ⁶⁾	11 192	11 192	2 730 000	1 750 000
Lars-Henrik Björn Schwabe , Board member ⁷⁾	11 192	11 192	-	-
Marco Pasetti Bombardella , Board member ⁸⁾	-	-	-	-
Stanley Franklin Buchthal , Board member ⁹⁾	-	-	2 536 900	-
Patrick Sandahl , Board member ¹⁰⁾	-	-	3 819 500	-
Total	67 152	67 152	21 047 400	20 155 400

* Shares owned by the shareholder which the board member represents on the board.

- 1) Anders Brandt owns shares through Idekapital AS, which is controlled by Brandt and represents them on the Board of Directors. Idekapital AS is controlled by Brandt.
- 2) Enrique Guzman Hinojosa owns shares through LT Holdings Limited and represents them on the Board of Directors. LT Holdings Limited is controlled by Guzman Hinojosa.
- 3) Henrik Albert Carlsen owns shares through MagnusChess AS and represents them on the Board of Directors.
- 4) Erik J. Anderson owns shares through Magnus Partners LLC and represented them on the Board of Directors until 6 May 2020.
- 5) Charles Stonehill holds 150 000 share options.
- 6) Kjetil Myrlid Aasen owns shares through Myrlid AS and represented them on the Board of Directors until 6 May 2020. Myrlid AS is controlled by Myrlid.
- 7) Lars-Henrik Björn Schwabe represents LT Holdings Limited on the Board of Directors.
- 8) Marco Pasetti Bombardella represents LT Holdings Limited on the Board of Directors.
- 9) Stanley Franklin Buchthal represents Cape Capital Holdings AG and Lapis Ventures SAC Limited on the Board of Directors.
- 10) Patrick Sandahl represents Investinor Direkte AS on the Board of Directors.

No board remuneration was paid in 2019.

Payments to key personnel

<i>Amounts in USD (except for share ownership)</i>	2020						<i>Direct and indirect share ownership at 31 December 2020</i>	<i>Options outstanding as of 31 December 2020</i>
	<i>Salary / consultancy fee</i>	<i>Bonus / consultant incentive remuneration</i>	<i>Pension benefit</i>	<i>Other remuneration</i>	<i>TOTAL remuneration</i>			
Andreas Thome, CEO¹⁾	229 064	55 029	-	-	284 093	44 300	1 800 000	
Dmitri Shneider, CFO²⁾	130 255	29 813	-	-	160 068	611 100	250 000	
David Kramaley, CTO³⁾	156 967	29 813	970	-	187 750	1 021 200	350 000	
Arkus Fredriksson, CSO⁶⁾	126 587	23 850	-	-	150 437	-	350 000	
Gerald Tan, CPO⁴⁾	32 082	-	289	-	32 371	27 200	350 000	
Sebastian Kuhnert, Chief Business Development Officer⁵⁾	154 053	22 012	-	885 328	1 061 393	-	600 000	
Total	829 008	160 517	1 259	885 328	1 876 111	1 703 800	3 700 000	

- 1) Andreas Thome is the Chief Executive Officer of Play Magnus Group. He was previously a consultant and was paid via the consulting company Polar Star Thome SL. Since November 2020 he has been employed by Chessable Spain SL. If the contract is terminated after two years of being CEO, the company is responsible for twelve months of salary. There is a 12 month non-compete requirement should he leave the firm. Bonus payment of EUR 100 000 was awarded for 2020 results and paid out in 2021.
- 2) Dmitri Shneider was promoted to Chief Financial Officer of Play Magnus Group in August 2020 and is also the COO of Chessable Limited. He was previously a consultant and since February 2021 is employed by Chessable Spain SL. He has a non-compete agreement of one-year post termination of his contract. He received a salary raise to EUR 12,500 per month in February 2021.
- 3) David Kramaley was promoted to Chief Technology Officer of Play Magnus Group in June 2020 and is also the CEO of Chessable. He has a non-compete agreement of one-year post termination of his contract. He was employed by Chessable Limited until August 2020 and has since then been employed by Chessable Spain SL.
- 4) Gerald Tan is the Chief Product Officer of Play Magnus Group and is also the CEO of chess24. He joined the company in November 2020. He is employed by Chessable Limited.
- 5) Sebastian Kuhnert is the Chief Business Development Officer of Play Magnus Group. He is a consultant and is compensated via his consulting company Peter Pan Ventures IVS. The other remuneration of USD 885 328 is related to a cash settlement of 600 000 share options exercised in 2020.
- 6) Arkus Fredriksson is the Chief Strategy Officer of Play Magnus Group and is also the Chief Operations Officer of chess24. He was a consultant with Play Magnus AS until July 2020, and has since then been employed by Chessable Spain SL.

<i>Amounts in USD (except for share ownership)</i>	2019						<i>Direct and indirect share ownership at 31 December 2019</i>	<i>Options outstanding as of 31 December 2019</i>
	<i>Salary / consultancy fee</i>	<i>Bonus / consultant incentive remuneration</i>	<i>Pension benefit</i>	<i>Other remuneration</i>	<i>TOTAL remuneration</i>			
Andreas Thome, CEO, consultant¹⁾	176 874	56 844	-	-	233 717	44 300	1 200 000	
Katherine Anne Murphy, Managing Director, employee²⁾	106 981	-	1 934	1 289	110 203	500 000	-	
David Kramaley, CEO of Chessable, employee³⁾	46 022	-	-	-	46 022	814 200	-	
Dmitri Shneider, COO of Chessable, consultant⁴⁾	24 716	-	-	-	24 716	359 500	-	
Sebastian Kuhnert, COO, CEO of chessX and chess24 GMBH, consultant⁵⁾	96 524	-	-	-	96 524	-	1 200 000	
Arkus Fredriksson, Head of Group Finance and Strategy, consultant⁶⁾	79 989	-	-	-	79 989	-	100 000	
Total	531 106	56 844	1 934	1 289	591 172	1 718 000	2 500 000	

- 1) Andreas Thome became CEO in Q2 2019. He was previously the Chief Commercial Officer. Andreas is a consultant and gets paid via the consulting company Polar Star Thome SL. The monthly fee was raised in 2020 to EUR 18 000. If the contract is terminated after two years of being CEO, the company is responsible for twelve months of fees. There is a 12 month non-compete requirement should he leave the firm. Bonus payment of EUR 50 000 was awarded for 2019 results and paid out in 2020.
- 2) Katherine Anne Murphy was CEO until Q2 2019, reassigned within Play Magnus Group to be a senior member of an emerging project team.
- 3) David Kramaley joined Play Magnus Group on 8 August 2019 in connection with the acquisition of Chessable by Play Magnus AS. He is the CEO of Chessable, and in June 2020 he was promoted to Chief Technology Officer of Play Magnus AS. In June 2020 his monthly salary was raised to 12 500 EUR. He has a non-compete agreement of one-year post termination of his contract.
- 4) Dmitri Shneider joined Play Magnus Group on 15 September 2019, as the Chief Operations Officer of Chessable. In August 2020 he was promoted to Chief Financial Officer of Play Magnus Group. In August 2020 his monthly fee was raised to 10 400 EUR. Dmitri Shneider is a consultant and gets paid via his consulting company Dimaedu Limited.
- 5) Sebastian Kuhnert joined Play Magnus Group as COO in connection with the acquisition of United Mind Sports in March 2019. He is a consultant and is compensated via his consulting company Peter Pan Ventures IVS.
- 6) Arkus Fredriksson was previously a consultant and has become an employee of Chessable Spain SL in Q1 2020. His monthly salary was raised to EUR 8 333 in Q2 2020.

All share numbers and share options numbers are reflecting the 1:100 share split in October 2020.

Note 13 Share-based compensation

Accounting policies for share-based compensation

Play Magnus Group accounts for equity-settled share-based compensation in accordance with IFRS 2 Share-based Payment. Share-based compensation expense is measured at fair value using a Black-Scholes model over the service period. The related social security taxes that will be paid by Play Magnus Group at the settlement date are recognized in the balance sheet as a liability at fair value. The social security taxes are cash-settled at the exercise date.

The Play Magnus Group Option Incentive Scheme is designed to retain key personnel and to provide incentives to deliver long-term shareholder returns. The board of directors approves the option grants to the CEO, and the CEO is responsible for the option grants to other key personnel. Under an earlier plan, some participants have been granted options that vest 25% at the grant date, 25% after 12 months, 25% after 24 months, and 25% after 36 months. The standard policy starting from October 2020 has been to grant options that vest 33% after 12 months, 33% after 24 months, and 33% after 36 months. Participation in the plan is at the board's discretion, and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Once vested, the options remain exercisable for a period of seven

years. Options are granted under the plan for no consideration and carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share at the stated exercise price in the stock option agreement. The exercise price of options is the share price at the date of the grant.

All 2 799 800 options granted in 2019 became fully vested in October 2020 as a result of the listing on Euronext Growth.

933 550 options were exercised during 2020 and 101 250 options were forfeited.

Components of share-based expenses

<i>Amounts in USD</i>	2020	2019
Share-based compensation	2 660 520	676 751
Provision for social security benefit taxes	150 000	-
Total share-based compensation expenses	2 810 520	676 751

Set out below are summaries of options granted under the plan:

	2020	
	Average exercise price per share option	Number of options
1 January 2020	NOK 7.81	2 799 800
Granted during the year	NOK 15.87	2 780 000
Exercised during the year	NOK 8.80	933 550
Forfeited during the year	NOK 14.60	101 250
31 December 2020		4 545 000
Vested and exercisable at 31 December 2020	NOK 8.98	2 578 750

	2019	
	Average exercise price per share option	Number of options
1 January 2019	-	-
Granted during the year	NOK 7.81	2 799 800
Exercised during the year	-	-
Forfeited during the year	-	-
31 December 2019		2 799 800
Vested and exercisable at 31 December 2019	NOK 7.81	700 000

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

31 December 2020

Grant date	Expiration date	Average exercise price per share option	Share options granted 31 December 2020
1 August 2019	31 July 2026	NOK 7.39	625 000
	7 October 2027	NOK 7.47	1 275 000
Subtotal			1 900 000
9 July 2020	8 July 2027	NOK 11.30	68 750
	7 October 2027	NOK 11.30	206 250
Subtotal			275 000
30 July 2020	29 July 2027	NOK 14.60	418 750
	29 July 2028	NOK 14.60	418 750
	29 July 2029	NOK 14.60	418 750
	29 July 2030	NOK 14.60	418 750
Subtotal			1 675 000
7 October 2020	6 October 2028	NOK 21.00	208 339
	6 October 2029	NOK 21.00	208 339
	6 October 2030	NOK 21.00	208 322
Subtotal			625 000
21 December 2020	20 December 2028	NOK 21.00	23 334
	20 December 2029	NOK 21.00	23 334
	20 December 2030	NOK 21.00	23 332
Subtotal			70 000
Total			4 545 000

31 December 2019

Grant date	Expiration date	Exercise price	Share options granted 31 December 2019
1 August 2019	31 July 2026 (25%)	NOK 11.30	699 950
	31 July 2027 (25%)	NOK 11.30	699 950
	31 July 2028 (25%)	NOK 11.30	699 950
	31 July 2029 (25%)	NOK 11.30	699 950
Total			2 799 800

Key management and board members share options

Key employee / consultant*	Options held		Options granted in 2020		Options exercised in 2020		Options outstanding 31 December		Options vested and exercisable 31 December	
	1 January 2020	(exercise price of NOK 14.60)	granted in 2020 (exercise price of NOK 11.30)	Options granted in 2020 (exercise price of NOK 11.30)	Options exercised in 2020	Options forfeited in 2020	Options outstanding 31 December 2020	Options vested and exercisable 31 December 2020		
Andreas Thome	1 200 000	600 000	-	-	-	-	1 800 000	1 350 000		
Dmitri Shneider	-	250 000	-	-	-	-	250 000	62 500		
David Kramaley	-	350 000	-	-	-	-	350 000	87 500		
Arkus Fredriksson	100 000	125 000	125 000	-	-	-	350 000	256 250		
Gerald Tan	-	350 000	-	-	-	-	350 000	-		
Sebastian Kuhnert	1 200 000	-	-	600 000	-	-	600 000	600 000		
Charles Stonehill	-	-	150 000	-	-	-	150 000	150 000		
Total	2 500 000	1 675 000	275 000	600 000	-	-	3 850 000	2 506 250		

Key employee / consultant**	Options held		Options granted		Options outstanding		Options vested and exercisable	
	1 January 2019	(exercise price of NOK 11.30)	in 2019	Options exercised or forfeited in 2019	31 December 2019	2019	31 December 2019	2019
Andreas Thome	-	1 200 000	-	-	1 200 000	-	300 000	-
Sebastian Kuhnert	-	1 200 000	-	-	1 200 000	-	300 000	-
Arkus Fredriksson	-	100 000	-	-	100 000	-	25 000	-
Total	-	2 500 000	-	-	2 500 000	-	625 000	-

* The amount of the share-based compensation expense allocated to key management and board members is in total USD 2 227 146 for 2020.

** The amount of the share-based compensation expense allocated to key management and board members is in total USD 604 285 for 2019.

Fair value measurement

The assessed fair value at grant date of options granted during the year ended 31 December 2020 was NOK 4.63 - NOK 9.24, depending on the expiry date of the options (2019: NOK 4.65 - NOK 5.38). The fair value at the grant date is independently determined using the Black-Scholes model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at the grant date, and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option, and the correlations and volatilities of the peer group companies.

The model inputs for options granted during the year ended 31 December 2020 included:

- Options are granted for no consideration and vest based on the passage of time
- Vested options are exercisable for a period of seven years after vesting
- Exercise price: NOK 11.30 - NOK 21.00
- Grant dates: 9 July 2020, 30 July 2020, 9 September 2020, 7 October 2020, 21 December 2020

- Expiry date: 8 July 2027 – 20 December 2030
- Share price at grant date: NOK 14.60 - NOK 21.00
- Expected price volatility of the company's shares: 30%
- Expected dividend yield: zero as the Group is still in a growth phase and is not currently paying dividends, nor plans to pay dividends in the foreseeable future
- Risk-free interest rate: 1.45%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information and the judgment of management.

Note 14 Goodwill

Accounting policies for goodwill

Goodwill is recognized as a part of business combinations. Goodwill is initially measured either as the excess of the consideration over Play Magnus Group's interest or the fair value of 100 percent of the acquiree in excess of the acquiree's identifiable net assets (full goodwill). Goodwill is not amortized but is tested for impairment annually, and more frequently if indicators of possible impairment are observed, in accordance with IAS 36 Impairment of Assets. Goodwill is allocated to the cash-generating units or groups of cash-generating units expected to benefit from the synergies of the combination and that is monitored for internal management purposes.

Play Magnus Group has goodwill in connection with the acquisitions of United Mind Sports Limited and Chessable Limited in 2019. As of 31 December 2020, the goodwill was USD 7 040 854 (2019: USD 6 887 200). The increase from 2019 to 2020 is solely due to the retranslation from NOK to USD.

Goodwill related to United Mind Sports Limited at the date of acquisition was USD 5 182 199. Goodwill related to Chessable at the date of acquisition was USD 1 705 001.

Impairment testing of goodwill

Goodwill from the acquisition of United Mind Sports Limited is allocated to chess24, and goodwill from the acquisition of Chessable Limited is allocated to Chessable. The recoverable amounts of these CGUs have been determined based on the higher of the value in use calculations and the fair value less costs of disposal.

Goodwill was tested for impairment at the end of 2020, and no impairment losses were identified. Value in use is based on discounted cash flow calculations. The Group based its cash flow calculations on 5-year forecast information approved by senior management of the Group. Long-

term average growth rates for the respective countries in which the entities operate or, where more appropriate, the growth rate of the CGUs, were used to extrapolate cash flows into the future. The discount rates are used to reflect specific risks relating to the relevant CGUs and the countries in which they operate while maximizing the use of market observable data. Other assumptions included in cash flow projections vary widely between CGUs due to the group's diverse range of business models and are closely linked to entity-specific key performance indicators.

The following key assumptions were used for the value-in-use calculations:

chess24:

- Revenue growth rate is 67% at the beginning of the forecast period and declines to 25% growth in year 5
- Terminal growth rate is 3%
- EBITDA margin improves to 35% in the forecast period
- WACC: 11 %

Chessable:

- Revenue growth rate is 167% at the beginning of the forecast period and declines to 14% growth in year 5
- Terminal growth rate is 3%
- EBITDA margin improves to 23% in the forecast period
- WACC: 11 %

Sensitivity analysis

A sensitivity analysis has been prepared to test the impairment tests to changes in key assumptions. Specific assumptions tested were a +10% to -10% change in revenue in every year of the forecast period as well as a +10% to -10% change in gross profit margin in every year of the forecast period. In all cases, the discounted cash flow value was comfortably above the book value of the assets.

Note 15 Intangible assets

Accounting policies for intangible assets

Intangible assets acquired individually or as a group are recognized at fair value when acquired. Intangible assets acquired in a business combination are recognized at fair value separately from goodwill when they arise from contractual or legal rights or can be separated from the acquired entity and sold or transferred.

Internally generated intangible assets are recognized when the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Development costs are capitalized as intangible assets at cost in accordance with IAS 38 Intangible Assets when the recognition criteria are met. Research expenditures are expensed as incurred.

At each financial year-end Play Magnus Group reviews the residual value and useful life of its assets, with any estimate changes accounted for prospectively over the remaining useful life of the asset.

United Mind Sports

- **Brand – chess24:** chess24 is one of the largest chess sites in the world and is known for its entertaining broadcasts by top grandmasters of top tournaments and organized events. At the time of acquisition, it had nearly 600 000 monthly active users coming to the site, and more during big broadcasts, such as the world championship. There are also hundreds of thousands of views on different chess24 videos on platforms such as YouTube.
- **Customer relationships:** chess24.com has a significant number of users, both that have registered for a free account and that come on a consistent basis as well as the paid premium subscribers. The premium users offer a high lifetime value and as the Group adds additional products and services should become even more valuable. Management also believes that there's potential for further conversion to a premium over time.
- **Website:** chess24.com has built a technology that allows for broadcasts of tournaments on a daily and monthly basis, as well as a play zone where users can play. Given the traffic of 600,000 users, there's significant potential for monetization via premium subscriptions, ads, or cross-selling of other Group products.
- **Content/Licenses:** chess24 has a catalog of approximately 100 courses that are both sold individually but also as a feature for its premium subscribers.

Chessable

- **Brand – Chessable:** Chessable despite being only a few years old, at the time of acquisition, already had a strong reputation for being a top place to learn chess via its

MoveTrainer™ technology. It has loyal users who are willing to spend money on Pro subscriptions and content.

- **Trade Name – MoveTrainer™:** The technology that is built around the spaced repetition method for learning chess patterns and ideas. It was the first of its kind and is widely recognized to be the leader in the chess education space. It is the only branded technology for studying chess via the spaced repetition method. Chessable has secured a 10-year trademark in the US, starting from September 2019 and a 10-year trademark in the European Union starting from August 2020.
- **Website:** The Chessable website is where the MoveTrainer technology and capability for video are located.
- **Content/Licenses:** Chessable has a vast catalog of both free and paid content. The paid content has experienced fast growth, especially in the area of video. Management believes the current catalog of courses still has significant room for monetization over the foreseeable future. The free content is popular and encourages users to subscribe for a premium subscription which allows for an unlimited free course studying.
- **Customer relationships:** Chessable user growth has been very rapid on many metrics, including registered users, PRO users, monthly customer growth. Given low churn rates, management believes there is significant value in the current user base.

iChess

- **Brand – iChess:** iChess, established in 2011, is one of the well-established providers of quality chess educational videos. It has content by some of the world's best players, including World Champion Anatoly Karpov, Female World Champion Judit Polgar, and popular influencer GM Simon Williams.
- **Content/Licenses:** iChess has one of the largest offerings of content in its marketplace. About $\frac{1}{4}$ of the video content is owned by iChess and the rest is licensed to be sold on a revenue share basis. Management believes the current catalog of courses still has significant room for monetization over the foreseeable future. Management also sees synergies in using the iChess marketplace as an additional distribution channel for other products in the Play Magnus Group ecosystem.
- **Customer relationships:** iChess has a loyal user base, primarily based on western markets such as the U.S. and Western Europe. The number of customers has continued to grow, and management believes there's significant value in the current user base.

	Website/ mobile technology	Courses/ content	Brand names	Trademark	Customer relationships	Total
Balance 01.01.2020	5 832 325	2 124 073	3 530 631	626 402	5 225 333	17 338 764
Acquisition cost 01.12.2020 iChess LLC	-	485 650	121 413	-	607 063	1 214 125
Additions	621 101	-	-	-	-	621 101
Disposals	-	-	-	-	-	-
Capitalized employee benefit expense	1 519 857	-	-	-	-	1 519 857
Foreign currency translation effect	292 559	62 691	82 594	20 742	135 706	594 292
Acquired cost 31.12.2020	8 265 842	2 672 414	3 734 638	647 144	5 968 102	21 288 139
Balance 01.01.2020	1 880 129	197 411	152 646	52 200	745 608	3 027 994
Amortization	1 155 699	410 936	198 541	117 800	987 811	2 870 787
Accumulated amortization on disposals	-	-	-	-	-	-
Reduction amort. because of unearned Skattefunn	77 561	-	-	-	-	77 561
Foreign currency translation effect	130 469	36 111	24 667	13 131	107 643	312 021
Accumulated amortization 31.12.2020	3 243 858	644 458	375 854	183 131	1 841 062	6 288 363
Carrying value 31.12.2020	5 021 984	2 027 956	3 358 784	464 013	4 127 040	14 999 776
Estimated lifetime	5 years	5 years	15 - 20 years	5 years	5 years	
Amortization schedule	Straight line	Straight line	Straight line	Straight line	Straight line	
	Website/ mobile technology	Courses/ content	Brand names	Trademark	Customer relationships	Total
Balance 01.01.2019	2 484 947	-	-	-	-	2 484 947
Acquisition cost 28.02.2019 United Mind Sports Ltd	1 781 464	244 866	2 277 826	-	3 721 968	8 026 124
Acquisition cost 08.08.2019 Chessable Ltd	876 963	1 879 207	1 252 805	626 402	1 503 365	6 138 742
Additions	276 587	-	-	-	-	276 587
Disposals	-	-	-	-	-	-
Capitalized employee benefit expense	428 236	-	-	-	-	428 236
Foreign currency translation effect	-15 872	-	-	-	-	-15 872
Acquired cost 31.12.2019	5 832 325	2 124 073	3 530 631	626 402	5 225 333	17 338 764
Balance 01.01.2019	914 344	-	-	-	-	914 344
Amortization	876 368	196 887	152 240	52 061	743 627	2 021 183
Accumulated amortization on disposals	-	-	-	-	-	-
Reduction amort. because of unearned Skattefunn	79 528	-	-	-	-	79 528
Foreign currency translation effect	9 889	524	406	139	1 981	12 939
Accumulated amortization 31.12.2019	1 880 129	197 411	152 646	52 200	745 608	3 027 994
Carrying value 31.12.2019	3 952 196	1 926 662	3 377 985	574 202	4 479 725	14 310 770
Estimated lifetime	5 years	5 years	15 - 20 years	5 years	5 years	
Amortization schedule	Straight line	Straight line	Straight line	Straight line	Straight line	

See note 6 for specification of acquired intangible assets.

Note 16 Other financial assets

Other financial assets - withheld revenue

<i>Current portion of withheld revenue</i>	31.12.2020	31.12.2019
Current portion of withheld revenue	239 742	240 727
Non-current portion of withheld revenue	50 997	58 611
Total withheld revenue	290 739	299 338

Other financial assets consist entirely of withheld revenue in Logical Thinking Limited. Logical Thinking Limited hosts the chess24.com platform and uses Adyen as its main service provider for transactions. The withheld revenue is primarily a security deposit which Adyen holds back to account for any subsequent liabilities Logical Thinking Limited might have towards its customers.

Note 17 Accounts receivable

Accounting policies for trade receivables

Accounts receivable are initially recognized at transaction price, subsequently accounted for at amortized cost, and are reviewed for impairment on an ongoing basis. Individual accounts are assessed for impairment taking into consideration indicators of financial difficulty and management assessment. Play Magnus Group's business model for accounts receivable is to hold the receivables to collect the contractual cash flows.

	31.12.2020	31.12.2019
Accounts receivable	227 148	104 939
Loss allowance	-	872
Total	227 148	104 067

Distribution by currency

<i>Amounts in USD</i>	31.12.2020	31.12.2019
Accounts receivable NOK	110 119	40 970
Accounts receivable USD	7 118	3 272
Accounts receivable EUR	51 466	32 659
Accounts receivable GBP	58 445	27 166
Total	227 148	104 067

Aging of gross trade receivables

<i>Amounts in USD</i>	Total	< 30 days	30-60 days	60-90 days	>90 days
31.12.2020	227 148	212 862	1 216	3 832	9 239
Loss allowance	-	-	-	-	-
Book value 31.12.2020	227 148	212 862	1 216	3 832	9 239
31.12.2019	104 939	100 770	358	1 959	1 851
Loss allowance	872	-	-	-	872
Book value 31.12.2019	104 067	100 770	358	1 959	979

Note 18 Statement of cash flows

Accounting policies for cash and cash equivalents

Cash and cash equivalents in the statement of financial position include cash, bank deposits, and all other monetary instruments with a maturity of less than three months from the date of acquisition and are measured at nominal value.

Bank deposits earn interest at floating rates based on the different bank agreements.

For the purpose of the consolidated statement of cash flow, cash and cash equivalents comprise the following on 31 December:

<i>Amounts in USD</i>	31.12.2020	31.12.2019
Bank deposits	35 246 985	2 117 290
Restricted cash balances	29 273	30 069
Total cash and cash equivalents	35 276 258	2 147 359

Distribution of cash by currency

<i>Amounts in USD</i>	31.12.2020	31.12.2019
Cash Balances NOK	16 080 333	1 392 229
Cash Balances USD	6 682 938	95 966
Cash Balances EUR	7 850 757	283 696
Cash Balances GBP	4 662 231	375 452
Cash Balances Other	-	15
Total	35 276 258	2 147 358

Changes in liabilities arising from financing activities

Lease liabilities

Amounts in USD	2019	2020	Total
Balance at the beginning of the period	286 912	598 996	885 908
<i>Cash changes</i>			
Principal payment to lessor	-102 331	-164 182	-266 513
Interest payment to lessor	-22 626	-36 268	-58 894
<i>Non-cash changes</i>			
Initial recognition	448 210	537 235	985 445
Accrued interest	21 424	36 268	57 692
Lease modifications/disposals	-34 102	-116 732	-150 834
Foreign currency translation effect	1 509	-3 103	-1 594
Balance at the end of the period	598 996	852 214	1 451 210

Convertible loans

Amounts in USD	2019	2020	Total
Balance at the beginning of the period	-	1 889 161	1 889 161
<i>Cash changes</i>			
Cash proceeds received from lender	1 822 261	-	1 822 261
Repayment of convertible loan	-	-951 864	-951 864
Interest payment on convertible loan	-	-67 543	-67 543
<i>Non-cash changes</i>			
Conversion into equity	-	-674 443	-674 443
Recognition of equity component	-32 540	-	-32 540
Accrued interest	99 176	43 313	142 489
Foreign currency translation effect	264	-238 624	-238 360
Balance at the end of the period	1 889 161	-	1 889 161

Note 19 Other current liabilities

Provision for possible VAT claims related to the sale of services

Management has become aware during 2020 that certain sales by Logical Thinking Limited may be subject to VAT in the country of origin of the customers. Enrique Guzman, the majority shareholder of LT Holdings Limited, has given an uncapped indemnity in favor of Play Magnus AS for any tax exposure related to the chess24 group prior to the acquisition by Play Magnus AS on 28 February 2019, including the VAT exposure disclosed in the table below.

Management is of the opinion that any costs and liability incurred as a result of or relating to said VAT exposure is expected to be recovered from Enrique Guzman under the indemnity for VAT incurred prior to the acquisition. Play Magnus AS has set aside a provision of USD 250 000 for

any potential liability for the time after the acquisition for 2019 and through December 2020. The total liability for Logical Thinking is estimated to be USD 500 000. The net liability of Play Magnus Group of USD 250 000 is presented gross, with a USD 500 000 provision for VAT and a USD 250 000 receivable presented under other current assets.

Other current liabilities

<i>Amounts in USD</i>	31.12.2020	31.12.2019
Accrued Skattefunn	112 717	189 998
Provision for VAT	500 000	200 000
Accrued expenses	537 945	214 724
Other	1 248 342	337 949
Total other current liabilities	2 399 004	942 671

Note 20 Taxes

Accounting policies for income taxes, current and deferred

Taxes payable is based on taxable profit for the year, which excludes items of income or expense that are taxable or deductible in other years. Taxable profit also excludes items that are never taxable or deductible. Play Magnus Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted as of the balance sheet date.

Deferred income tax expense is calculated using the liability method in accordance with IAS 12 Income Taxes. Deferred tax assets and liabilities are classified as non-current in the balance sheet and are measured based on the difference between the carrying value of assets and liabilities for financial reporting and their tax basis when such differences are considered temporary in nature. For items recognized as an asset and a liability at inception, such as a lease, temporary differences related to the asset and liability are considered in combination, and deferred tax assets and liabilities are recognized on changes to the temporary differences through the life of the items. Temporary differences related to intercompany profits are deferred using the buyer's tax rate. Deferred tax assets are reviewed for recoverability every balance sheet date, and the amount probable of recovery is recognized.

Deferred income tax expense represents the change in deferred tax asset and liability balances during the year, except for the deferred tax related to items recognized in Other comprehensive income or resulting from a business combination or disposal. Changes resulting from amendments and revisions in tax laws and tax rates are recognized when the new tax laws or rates become effective or are substantively enacted. Uncertain tax positions are recognized in the financial statements based on management's expectations.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the

same taxation authority, and when the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred taxes are not provided on undistributed earnings of subsidiaries when the timing of the reversal of this temporary difference is controlled by Play Magnus Group and is not expected to happen in the foreseeable future.

Significant judgment in accounting for income taxes

Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the future, planned transactions, or planned tax optimizing measures, all of which may be uncertain. Economic conditions may change and lead to a different conclusion regarding recoverability. Tax authorities in different jurisdictions may challenge Play Magnus Group's calculation of taxes payable from prior periods. Such processes may lead to changes to prior periods' taxable income, resulting in changes to income tax expense in the period of change, as well as interest and fines.

Calculation of deferred tax/deferred tax benefit

Temporary differences	2020	2019
Intangible assets	11 489 903	5 461 580
Property, plant and equipment	820 987	-153 377
Current and non-current assets	140 911	-7 399
Liabilities	-1 810 536	470 929
Other differences	-	-
Net temporary differences	10 641 265	5 771 733
Tax losses carried forward	-21 997 055	-13 419 742
Basis for deferred tax (asset)	-11 355 790	-7 648 009
Deferred tax (asset)	-1 794 540	-1 682 562
Deferred tax asset not recognised in the balance sheet	3 109 807	3 314 509
Deferred tax asset in the balance sheet	6 944	13 049
Deferred tax in the balance sheet	1 322 210	1 644 996

Basis for income tax expense, changes in deferred tax and tax payable

Basis for income tax expense	2020	2019
Result before taxes	-15 735 471	-4 462 684
Permanent differences	1 253 458	6 538
Basis for income tax expense	-14 482 013	-4 456 146
Change in temporary differences	4 869 532	6 113 881
Consolidation effects	1 041 338	-12 173 339
Change in tax loss carried forward	8 577 313	10 515 604
Taxable income (basis for payable taxes in the balance sheet)	6 170	0
Components of the income tax expense	2020	2019
Payable tax on this year's result	1 234	-
Adjustment in respect of prior year	-	-
Total tax payable	1 234	-
Change in deferred tax (asset)	-316 681	1 614 965
Change in deferred tax (asset) posted to equity	-288 479	-1 549 261
Change in def. tax (asset) due to tax rate	-	-
Tax expense	-603 926	65 704

Reconciliation of the tax expense	2020	2019
Result before taxes	-15 735 471	-4 462 684
Calculated tax	-3 461 804	-981 790
Tax expense	-603 926	65 704
Difference	-2 857 878	-1 047 494

The difference consist of:	2020	2019
Tax of permanent differences	275 761	1 438
Change in deferred tax asset not recognised	2 582 117	1 046 056
Sum explained differences	2 857 878	1 047 494

Payable taxes in the balance sheet	2020	2019
Payable tax in the tax charge	1 234	-
Payable tax in the balance sheet	1 234	-

Deferred tax assets are recognized when the Group can document future taxable profits to utilize the tax asset per company. The deferred tax asset is recognized for the amount corresponding to the expected taxable profit based on convincing evidence. The carrying amount of deferred tax assets is reviewed at each reporting date (quarterly) and reduced to the extent that convincing evidence no longer exists for the utilization. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that convincing evidence exists supporting

that taxable profits will allow the deferred tax asset to be recovered. The actual outcome of future tax costs may deviate from these estimates.

Most of the Group's tax loss carried forward comes from the entities Play Magnus AS, E-Learning Limited, Logical Thinking Limited and Chessable Limited. The total loss carried forward amounts to USD 21 997 055 as of 31 December 2020. This gives deferred tax assets of USD 3 109 807 which is not recognized in the balance sheet. Undertaking an assessment of the criteria under IAS 12, the Group has not included deferred tax assets related to tax losses carried forward.

Note 21 Other operating expenses

Amounts in USD

Other operating expenses	2020	2019
Consultancy fees	4 036 608	1 305 334
Legal and audit fees	1 075 115	154 939
Travel	86 676	121 761
Marketing	1 099 826	247 467
Provision for VAT	50 000	200 000
Other	1 006 998	615 103
Total	7 355 223	2 644 604

Audit fees

The Group has the following audit-related fees, provided by our elected auditor, included in the legal and audit fees in the table above (all figures excl. VAT). The table below shows the cash paid to auditors of the different entities in 2020 and 2019.

Amounts in USD

Category	2020	2019
Audit services	106 247	41 380
Other audit related services	116 903	11 742
Tax services	136 625	-
Total	359 775	53 122

Equity funding transaction expenses

In connection with the listing on Euronext Growth, the Group had expenses of USD 2 360 020 in 2020. Expenses related to the private placement in connection with the listing have not been separated from the listing expenses and are shown entirely in this line.

Note 22 Financial items

Financial items

<i>Amounts in USD</i>	2020	2019
Interest income	11 059	1 281
Exchange rate gains	185 249	19 917
Other financial income	-	850
Financial income	196 308	22 048
Interest expense	36 625	43 543
Interest expense on convertible loan	48 164	99 175
Exchange rate losses	1 371 719	37 676
Other financial expense	220 709	56 243
Financial expense	1 677 217	236 637
NET FINANCIAL ITEMS	-1 480 909	-214 590

Note 23 Tangible assets

Accounting policies for property, plant, and equipment

Tangible assets consisting of office equipment are recognized at acquisition cost. The carrying value is comprised of the historical cost less accumulated depreciation and any accumulated impairment losses (if any). Office buildings consist of leased assets (right-of-use assets). Short-term and low-value leases are excluded from the lease accounting. When measuring leases, Play Magnus Group includes fixed lease payments for extension periods reasonably certain to be used. As a practical expedient, non-lease components are not separated from lease contracts, and not recognized but expensed in the period when the lease expense is incurred. Judgment is applied in assessing whether renewal options are reasonably certain to be utilized. See note 27 for the specification of the current and non-current lease liabilities.

Depreciation expense is measured on a straight-line basis over the estimated useful life of the asset, commencing when the asset is ready for its intended use.

At each financial year-end Play Magnus Group reviews the residual value and useful life of its assets, with any estimate changes accounted for prospectively over the remaining useful life of the asset.

	Office equipment	Office buildings (Right-of-use assets)	Total
Balance Play Magnus 01.01.2020	80 434	721 530	801 964
Additions	166 999	537 235	704 234
Disposals	-	-116 732	-116 732
Foreign currency translation effect	4 726	70 157	74 883
Acquired cost 31.12.2020	252 159	1 212 190	1 464 349

Accumulated depreciation and impairment

Balance Play Magnus 01.01.2020	18 293	124 825	143 118
Depreciation of the year	32 597	184 288	216 885
Impairment of the year	-	-	-
Accumulated depreciation disposals	-	-	-
Foreign currency translation effect	-2 131	82 090	79 959
Accumulated depreciation and impairments 31.12.2020	48 759	391 203	439 962

Carrying value 31.12.2020**203 400****820 987****1 024 387**

Estimated lifetime

4-5 years

5 years

Depreciation schedule

Straight line

Straight line

	Office equipment	Office buildings (Right-of-use assets)	Total
Balance Play Magnus 01.01.2019	-	310 702	310 702
Acquisition of United Mind Sports Ltd	52 045	171 981	224 026
Acquisition of Chessable Ltd	13 987	-	13 987
Additions	14 402	337 289	351 691
Disposals	-	-95 194	-95 194
Foreign currency translation effect	-	-3 248	-3 248
Acquired cost 31.12.2019	80 434	721 530	801 964

Accumulated depreciation and impairment

Balance Play Magnus 01.01.2019	-	20 374	20 374
Depreciation of the year	18 032	104 344	122 376
Impairment of the year	-	-	-
Accumulated depreciation disposals	-	-	-
Foreign currency translation effect	261	107	368
Accumulated depreciation and impairments 31.12.2019	18 293	124 825	143 118

Carrying value 31.12.2019**62 141****596 705****658 846**

Estimated lifetime

4-5 years

5 years

Depreciation schedule

Straight line

Straight line

Interest expense relating to lease recognized in the income statement for 2020 was USD 36 268 and USD 22 626 in 2019. Total cash outflows for leases in 2020 was USD 200 450 and USD 126 476 in 2019.

Note 24 Subsidiaries and shareholders

The consolidated group financial statements include the financial statements of Play Magnus AS and the subsidiaries listed in the following table:

	Year established	Year acquired	Location	Entity's main activities	Functional Ownership	Functional currency
United Mind Sports Limited	2014	2019	Gibraltar	Holding company for the chess24 group, and the immediate owner of the subsidiaries Caroona Ltd, Logical Thinking Ltd, and E-Learning Ltd	100 %	GBP
Logical Thinking Limited	2014	2019	Gibraltar	Chess entertainment site focused on broadcasts and other content with top chess players and personalities	100 %	GBP
E-Learning Limited	2014	2019	Gibraltar	Owns and operates the Chess24.com website	100 %	GBP
Caroona Limited	2014	2019	Gibraltar	Holding company and owner of chess24 GmbH.	100 %	GBP
Chess24 GmbH	2014	2019	Hamburg, Germany	Responsible for development and maintenance of chess24.com	100 %	EUR
ChessX SIA	2019	-	Riga, Latvia	Company established late 2019 and is the owner of the CoChess brand which is focused on live coaching	100 %	EUR
Chessable Limited	2015	2019	London, UK	E-learning site with online courses and subscriptions	100 %	GBP
Chessable Spain SL	2020	-	Barcelona, Spain	Operational support services	100 %	EUR
iChess LLC	2011	2020	Atlanta, USA	E-learning site with online courses	100 %	USD

Play Magnus AS Shareholders as of 31 December 2020

Shareholders	Number of ordinary shares	Total # of shares	% of shareholdin g
LT Holdings Limited	4 964 620	4 964 620	9.5%
Magnuschess AS	4 950 480	4 950 480	9.5%
Morgan Stanley & Co. LLC	3 987 226	3 987 226	7.6%
Investinor AS	3 819 500	3 819 500	7.3%
Myrlid AS	2 730 000	2 730 000	5.2%
UBS Switzerland AG	2 539 100	2 539 100	4.9%
MP Pensjon PK	2 391 100	2 391 100	4.6%
T.D. Veen AS	2 181 400	2 181 400	4.2%
Skandinaviska Enskilda Banken AB	1 428 571	1 428 571	2.7%
State Street Bank and Trust Comp	1 400 000	1 400 000	2.7%
Idekapital AS	1 225 000	1 225 000	2.3%
Verdipapirfondet DNB SMB	1 192 721	1 192 721	2.3%
Others	19 352 782	19 352 782	37.1%
Total	52 162 500	52 162 500	100.0%

Note 25 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are not presented as the Group is in a net loss position for 2020.

Options granted to employees and consultants under the Stock Option Incentive Scheme are considered to be potential ordinary shares. The options have not been included in the determination of basic earnings per share. When the Group has a net profit for the year, the options will be included in the diluted earnings per share to the extent the options are considered to be dilutive (shares that are vested and exercisable).

<i>Amounts in USD</i>	2020	2019
Profit for the year	-15 131 545	-4 396 980
Weighted average number of ordinary shares	37 399 147	23 007 100
Earnings in USD per share profit for the year	-0.40	-0.19

All share numbers are reflecting the 1:100 share split in October 2020.

Note 26 Related parties

The following are the significant related party activities for Play Magnus Group during 2020. All transactions are at arm's length market prices.

- MagnusChess AS is wholly owned by World Champion Magnus Carlsen and his father, Henrik Carlsen. As of year-end 2020 MagnusChess AS was the second largest shareholder. Henrik Carlsen also serves on the board of Play Magnus AS.

Play Magnus Group has a branding agreement with Magnus Carlsen (contractually agreed with Magnus Carlsen and the company MagnusChess AS) that expires 17 December 2033. Play Magnus Group also has an agreement with MagnusChess AS in connection with Play Magnus Group sponsors that require the involvement of Magnus Carlsen and which includes a certain number of appearances and social media events. In exchange for his services for the eligible partnerships, Magnus Carlsen receives a revenue split of the partnership revenue.

In 2020 the costs incurred related to these partnership services were: NOK 660 000

(approximately USD 80 000).

Magnus Carlsen is also a participant in the Champions Chess Tour, formerly known as the Magnus Carlsen Chess Tour. He is invited as the current World Champion and one of top 10 players in the world. His earnings there are related to the prizes that he has won.

- Etruvian (Gibraltar) Limited is a wholly-owned subsidiary of Enrique Guzman. Enrique Guzman is the largest shareholder of Play Magnus Group through his holding company LT Holdings Limited, of which he owns 97%. Enrique Guzman is also the Managing Director of Logical Thinking Limited and E-Learning Limited which operate the chess24 brand and its related services, as well as owns the IP of chess24, respectively. Enrique Guzman serves on the board of Play Magnus AS.

Etruvian (Gibraltar) Limited has a consulting agreement with Logical Thinking Limited and E-Learning Limited for operations and business-related services and as part of the agreement includes office space for the consultants in Gibraltar. The total amount of costs charged by Etruvian (Gibraltar) to E-Learning and Logical Thinking in 2020 was approximately GBP 157,223 (USD 201,896).

- Tradimo Interactive ApS is a wholly-owned subsidiary of Enrique Guzman and in 2019 had a consulting agreement with Logical Thinking Limited for operations and business-related services and as part of the agreement includes office space for the consultants in Denmark. The total amount charged in 2020 was GBP 8 306 (USD 11 200).
- Julius Baer was a partner of the 2020 Magnus Carlsen Chess Tour and agreed to be a partner for the 2021 Julius Baer Challengers Chess Tour. Charles Stonehill is a Vice-Chairman of Julius Baer and is also on the Board of Play Magnus AS. The deal amount was in line with other announced partnerships in 2020.
- JFD Bank via Enrique Guzman's wholly-owned entity Tilman has been a sponsor of the Banter Blitz Cup organized by Logical Thinking Limited.
- Reafina AG, ultimately owned 100% by Enrique Guzman, jointly purchases certain services with chess24 GmbH and these costs are split proportionally. The value of these services is not considered material.

There are no material related-party receivables or payables balances in the statement of financial position as of 31 December 2020.

Related party transactions and contracts after Dec 31, 2020.

- MagnusChess AS received remuneration for services related to the partnership agreements for approximately NOK 572 995 (approximately USD 67 000)

Note 27 Non-current financial liabilities

Current financial liabilities

Amounts in USD	31.12.2020	31.12.2019
Current lease liability	215 655	143 116
Contingent consideration	-	1 772 633
Total current financial liabilities	215 655	1 915 749

Non-current financial liabilities

Amounts in USD	31.12.2020	31.12.2019
Non-current lease liability	636 559	455 880
Contingent consideration	179 316	-
Total non-current financial liabilities	815 875	455 880

See note 6 Business combinations for information about the contingent considerations.

Note 28 Leasing

Accounting policies for leasing (right-of-use assets)

Play Magnus Group implemented IFRS 16 from the date of transition to IFRS, 1 January 2018.

The leased assets (right-of-use assets) consist of office buildings in Oslo, Barcelona, Hamburg, and Riga. Short-term and low-value leases are excluded from the lease accounting. When measuring leases, the Group includes fixed lease payments for extension periods reasonably certain to be used. As a practical expedient, non-lease components are not separated from lease contracts, and not recognized but expensed in the period when the lease expense is incurred. Judgment is applied in assessing whether renewal options are reasonably certain to be utilized.

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.

Right-of-use assets are 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.

Amounts recognized in the balance sheet

<i>Amounts in USD</i>	31.12.2020	31.12.2019
Office buildings	828 987	596 705
Total right-of-use assets	828 987	596 705

Useful life	5 years	5 years
Depreciation method	Straight-line	Straight-line

Lease liabilities

<i>Amounts in USD</i>	31.12.2020	31.12.2019
Current	215 655	143 116
Non-current	636 559	455 880
Total lease liability	852 214	598 996

Amounts recognized in the statement of profit or loss

<i>Amounts in USD</i>	2020	2019
Depreciation of right-of-use assets	184 288	104 344
Interest expense	36 268	22 626

Maturity profile lease liability

<i>Amounts in USD</i>	Less than a year	1-3 years	3-5 years
Lease liabilities 31 December 2020	-	-	852 214
Lease liabilities 31 December 2019	-	-	598 996

Reconciliation of lease financing activities

<i>Amounts in USD</i>	2020	2019
Opening balance 1 January	598 996	286 912
Cash flow	-200 450	-124 957
New leases	537 235	448 210
Other non-cash changes	-83 567	-11 169
Closing balance 31 December	852 214	598 996

Note 29 Events after the reporting period

Primary Insiders Trades:

- Idekapital AS, a close associate of Anders Brandt, Chairman of the Board of Directors of Play Magnus AS, has purchased 42 000 shares at a price of NOK 22.33 per share on 25 March 2021. The new shareholding of Idekapital AS is 1 267 000.
- Andreas Thome, CEO of Play Magnus AS has purchased 20 000 shares at a price of NOK 21.98 per share on 25 March 2021. The new total shareholding of Andreas Thome is 64 300 which he owns personally and via his company Andreas Thome AS, a close associate. In addition, Andreas Thome holds 1 800 000 options.
- Dmitri Shneider, CFO of Play Magnus AS, has purchased 12 000 shares at a price of NOK 22.00 per share on 25 March 2021. The new shareholding of Dmitri Shneider is 623 100. In addition, Dmitri Shneider holds 250 000 options.

Warrant Exercises:

- Out of the initial 4 300 300 warrants outstanding post the Series B funding round in February of 2020 and 4 271 000 outstanding as of year-end 2020, all of the warrants were exercised. The share price of exercise was NOK 16.79 per share.
- Primary insiders and related parties who exercised in Q1 2021 include: Investinor Direkte AS, with 1 268 000 warrants, MagnusChess AS with 31 600 and Magnus Partners LLC with 46 200 warrants.

Business Combinations, acquisitions and key ambassador Deals

- On 29 January 2021, Play Magnus Group acquired the Dutch chess publisher Interchess B.V., the operator of the New In Chess brand. New In Chess has a vast catalogue of content comprising of print books, e-books, digital subscriptions and the New In Chess magazine. See note 6 for more information about the acquisition.
- On 2 March 2021, Play Magnus Group acquired the British chess publisher Gloucester Publishers, owner and operator of Everyman Chess. The company has over 400 titles in the catalog and imprints include: Everyman Chess, Pergamon Chess, Cadogan Chess and Chess Press. See note 6 for more information about the acquisition.
- In Q1 2021, Play Magnus Group signed a long-term content deal with popular chess author and streamer, Grandmaster Simon “GingerGM” Williams. As part of the deal, Play Magnus Group will operate the site www.gingergm.com. See note 6 for more information about the acquisition.
- In Q1 2021, Play Magnus Group signed a long-term deal with one of the strongest female chess player of all-time, and former world number 10, Judit Polgar as an Educational Ambassador.

Key management and personnel updates

- Play Magnus AS granted 583 181 options in Q1 to key personnel. 423 700 options were granted at a strike price of NOK 26. Additionally, 124 481 options and 35 000 options were granted at strike prices of NOK 34.14 and NOK 30, as part of longer-term partnership deals and M&A transactions.
- Tatiana Guarconi joined Play Magnus Group in January 2021 and is the current Chief Information Officer.

Partnerships

- In January 2021, Meltwater was announced as the title partner of the Champions Chess Tour
- In January 2021, Opera was announced as a partner of the Champions Chess Tour
- In February 2021, Aker BioMarine was announced as a partner of the Champions Chess Tour
- In March 2021, Breakthrough Initiatives was announced as a partner of the Champions Chess Tour
- In April 2021, Chessable and chess24 have entered into a six-year agreement with FIDE, the International Chess Federation, which grants the companies the right to broadcast important tournaments like the World Championship, Candidates Tournament and Chess Olympiad. Chessable will also become the preferred e-learning partner of FIDE. Chessable will also partner with FIDE on a new FIDE Chessable Youth Development Fund.

Legal and accounting

- Play Magnus Polska sp. z o.o., a subsidiary of Play Magnus AS, was created in Q1 2021.

Play Magnus AS Parent Financial Statements

Statements of comprehensive income

Amounts in NOK (except per share amounts)	Note	2020	2019	2018
Revenue from customers	8, 9	14 022 763	7 929 232	4 695 119
Total operating revenue		14 022 763	7 929 232	4 695 119
Course content and subscription sales expenses		1 756 867	1 305 709	690 065
Employee benefit expenses	10, 11	4 787 173	2 782 065	2 706 602
Share-based compensation expense	12	4 103 479	637 969	-
Other operating expenses	18	26 032 886	9 567 275	8 434 501
Depreciation and amortization	13, 20	5 197 307	4 143 347	2 768 232
Equity funding transaction expenses	18	21 368 897	-	-
Loss on contingent consideration	24	8 335 596	-	-
Total operating expenses		71 582 205	18 436 366	14 599 400
Operating profit (loss)		-57 559 442	-10 507 134	-9 904 282
Financial income	19	2 115 660	135 821	50 894
Financial expenses	19	12 019 832	1 068 306	103 354
Financial income (expense), net		-9 904 173	-932 486	-52 460
Profit (loss) before tax		-67 463 615	-11 439 619	-9 956 742
Tax expense	17	479 260	-626 806	147 549
Profit (loss)		-66 984 355	-12 066 425	-9 809 193
Other comprehensive income		-	-	-
Total comprehensive income		-66 984 355	-12 066 425	-9 809 193
Earnings per share/diluted earnings per share	23	-1.79	-0.52	-0.43

The accompanying notes are an integral part of the financial statements.

Statements of financial position

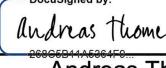
ASSETS					
Amounts in NOK	Note	31.12.2020	31.12.2019	31.12.2018	01.01.2018
Deferred tax assets	17	-	-	147 549	35 170
Intangible assets	13	11 252 347	13 869 852	13 646 182	11 327 402
Tangible and right-of-use assets	20	1 240 660	3 378 741	2 522 517	-
Investments in subsidiaries	21	203 068 994	174 395 734	-	-
Loans to group companies	21	80 967 501	8 619 780	-	-
TOTAL NON-CURRENT ASSETS		296 529 501	200 264 107	16 316 248	11 362 573
Other current assets		3 361 130	372 138	1 082 671	1 719 322
Other current financial assets	7	55 182	55 182	-	-
Accounts receivable	14	1 282 920	388 466	352 489	210 811
Cash and cash equivalents	15	264 419 608	12 927 610	28 222 937	4 547 745
TOTAL CURRENT ASSETS		269 118 840	13 743 396	29 658 097	6 477 879
TOTAL ASSETS		565 648 341	214 007 503	45 974 345	17 840 451

EQUITY AND LIABILITIES

Amounts in NOK	Note	31.12.2020	31.12.2019	31.12.2018	01.01.2018
Share capital		521 625	277 392	159 800	130 349
Share premium		617 581 900	192 711 429	59 991 218	26 751 166
Retained earnings		-102 261 767	-35 277 412	-23 210 986	-13 401 793
Other components of equity		34 907 124	15 672 903	-	-
TOTAL EQUITY		550 748 881	173 384 313	36 940 032	13 479 722
Non-current financial liabilities	7, 24	2 336 561	2 593 224	2 006 307	-
Non-current portion of deferred revenue	9	183 267	163 447	181 293	43 887
Deferred tax liabilities	17	-	479 260	-	-
Total non-current liabilities		2 519 828	3 235 931	2 187 600	43 887
Convertible loan	6	-	16 587 397	-	-
Current portion of deferred revenue	9	1 038 845	411 391	1 531 260	109 028
Accounts payable		3 805 139	579 979	983 661	290 372
Liabilities payable to group companies	21	90 146	22 664	-	-
Taxes payable	17	-	-	-	-
Other current financial liabilities	7, 24	447 044	16 342 781	486 410	-
Other current liabilities	16	6 998 458	3 443 049	3 845 382	3 917 441
Total current liabilities		12 379 631	37 387 260	6 846 713	4 316 842
TOTAL LIABILITIES		14 899 459	40 623 191	9 034 313	4 360 729
TOTAL EQUITY AND LIABILITIES		565 648 340	214 007 503	45 974 345	17 840 451

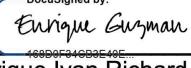
The accompanying notes are an integral part of the financial statements.

Oslo, April 27th, 2021
The Board of Directors of Play Magnus AS

DocuSigned by:

Andreas Thome
CEO

DocuSigned by:

Anders Brandt
Chairman

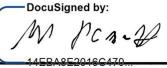
DocuSigned by:

Enrique Ivan Richard Guzman
Hinojosa
Deputy chair

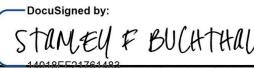
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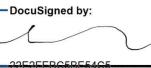
Henrik Albert Carlsen
Board member

DocuSigned by:

Björn Schwabe
Board member

DocuSigned by:

Marco Pasetti Bombardella
Board member

DocuSigned by:

Stanley Franklin Buchthal
Board member

DocuSigned by:

Charles Stonehill
Board member

DocuSigned by:

Patrick Sandahl
Board member

Statements of cash flows

Amounts in NOK	Notes	2020	2019	2018
Operating activities				
Profit (loss) before tax		-67 463 615	-11 439 619	-9 956 742
Paid taxes	17	-	-	-
Depreciation	20	679 193	588 487	177 019
Amortisation of intangible assets	13	4 518 115	3 476 660	2 591 213
Accrued interest expense/income (net)		-254 229	873 107	-
Share based compensation expense	12	1 194 381	637 969	-
Items classified as investing or financing activities		852 563	2 351 567	43 181
Unrealised currency translation (gains)/losses		2 409 384	-	-
Gain (loss) on contingent consideration	24	8 335 596	-	-
<i>Working capital adjustments:</i>				
Changes in accounts receivable		-894 454	-35 977	-141 678
Changes in financial assets		-	-55 182	-
Changes in other current assets		-2 988 993	710 533	636 652
Changes in deferred revenue		647 274	-1 137 715	1 559 638
Changes in accounts payable		3 225 160	-403 682	693 288
Changes in other current liabilities		779 036	320 478	663 257
Changes in all other working capital items		-	-	-
Net cash provided from operating activities		-48 960 589	-4 113 374	-3 734 172
Investing activities				
Investments in intangible assets	13	-2 600 755	-4 478 675	-5 610 139
Payment for acquisition of Chessable	21	-	-11 244 462	-
Transaction costs Chessable and United Mind Sports	21	-	-2 224 420	-
Payment of contingent consideration, Chessable	21	-23 899 845	-	-
Payment for acquisition of iChess LLC	21	-	-	-
Transaction costs iChess LLC	21	-726 766	-	-
Cash settlement share-based compensation subsidiaries	21	-8 369 468	-	-
Loans to subsidiaries	21	-74 047 866	-8 541 580	-
Net cash used in investing activities		-109 644 700	-26 489 137	-5 610 139
Financing activities				
Issuance of new shares		425 322 139	-	33 269 499
Transaction expenses related to issuance of new shares		-3 720 117	-	-
Cash proceeds from convertible loan	6	-	16 000 000	-
Repayment of convertible loan	6	-10 000 000	-	-
Interest payment on convertible loan	6	-709 589	-	-
Principal elements of lease payments	20	-669 350	-565 668	-206 814
Interest paid on lease agreements	20	-125 797	-127 147	-43 182
Net cash provided by (used in) financing activities		410 097 286	15 307 185	33 019 503
Net increase (decrease) in cash and cash equivalents		251 491 997	-15 295 326	23 675 192
Cash and cash equivalents at the beginning of year		12 927 610	28 222 937	4 547 745
Cash and cash equivalents at end of year	15	264 419 607	12 927 611	28 222 938

The accompanying notes are an integral part of the financial statements.

Statements of changes in equity

Amounts in NOK	Share capital	Share premium	Other components of equity	Retained earnings	Total equity
Total equity 01.01.2018	130 349	26 751 166	-	-13 401 793	13 479 722
Profit / (-) loss for the period	-	-	-	-9 809 193	-9 809 193
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-9 809 193	-9 809 193
<i>Transactions with owners and their capacity as owners:</i>					
Capital increase in private placement	29 451	33 240 051	-	-	33 269 502
Total equity 31.12.2018	159 800	59 991 217	-	-23 210 986	36 940 032
Total equity 01.01.2019	159 800	59 991 218	-	-23 210 986	36 940 032
Profit / (-) loss for the period	-	-	-	-12 066 425	-12 066 425
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-12 066 425	-12 066 425
<i>Transactions with owners and their capacity as owners:</i>					
Employee stock option expense	-	-	5 957 915	-	5 957 915
Capital increase by contribution in kind United Mind Sports Ltd acquisition	97 941	110 541 110	-	-	110 639 051
Capital increase by contribution in kind Chessable Ltd acquisition	19 651	22 179 101	-	-	22 198 752
Contingent equity consideration Chessable Ltd	-	-	9 429 274	-	9 429 274
Equity element of convertible loan	-	-	285 714	-	285 714
Total equity 31.12.2019	277 392	192 711 429	15 672 903	-35 277 411	173 384 313
Total equity 01.01.2020	277 392	192 711 429	15 672 903	-35 277 411	173 384 313
Profit / (-) loss for the period	-	-	-	-66 984 355	-66 984 355
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-66 984 355	-66 984 355
<i>Transactions with owners and their capacity as owners:</i>					
Employee stock option expense	-	-	13 000 692	-	13 000 692
Share consideration iChess LLC acquisition, not registered	-	-	3 413 392	-	3 413 392
Contingent equity consideration Chessable Ltd	9 826	-	-	-	9 826
Capital increase in private placement 1	91 620	129 001 501	2 820 137	-	131 913 258
Capital increase in private placement 2	142 500	299 107 500	-	-	299 250 000
Transaction expenses related to private placements	-	-3 720 117	-	-	-3 720 117
Exercise of warrants	287	481 586	-	-	481 873
Total equity 31.12.2020	521 625	617 581 899	34 907 124	-102 261 767	550 748 882

The accompanying notes are an integral part of the financial statements.

Note 1 Reporting entity

The reporting entity reflected in these financial statements is Play Magnus AS, a Norwegian entity listed on Euronext Growth since 8 October 2020, and the parent company of Play Magnus Group. The company has 13 employees working from the corporate headquarter in Oslo, Norway.

Play Magnus AS develops the Play Magnus app suite and is the parent company of the Chessable, chess24, CoChess, and iChess brands.

The financial statements for the year ended 31 December 2020 were approved by the Board on 27 April 2021. The 2020 financial statements are the first IFRS financial statements for Play Magnus AS (see note 27 for additional information related to the IFRS conversion).

Note 2 Basis of preparation

The financial statements of Play Magnus AS are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and Norwegian authorities and effective as of 31 December 2020. Play Magnus AS also provides disclosures as specified under the Norwegian Accounting Act (Regnskapsloven).

The financial statements are prepared on a historical cost basis, except for certain assets, liabilities, and financial instruments, which are measured at fair value. Preparation of financial statements including note disclosures requires management to make estimates and assumptions that affect amounts reported. Actual results may differ. Slight rounding differences may occur between the financial statements and the note disclosures.

The functional currency of Play Magnus AS is the Norwegian krone (NOK). The financial statements are presented in full NOK (no rounding of the amount).

Note 3 Significant accounting policies

The accounting principles of Play Magnus AS are consistent with the accounting principles for Play Magnus Group, as described in note 3 of the consolidated financial statements. Where the accounting policies are not applicable to the consolidated financial statements, these are described below.

Investments in subsidiaries and loans to subsidiaries

Shares in subsidiaries and loans provided to subsidiaries are evaluated at the lower of cost or fair value. Any impairment losses and reversal of impairment losses are classified as net gains (loss and impairment) on financial assets in the income statement.

Changes in accounting policies and new pronouncements

The 2020 financial statements are the first year of the IFRS reporting, therefore there are no changes in accounting principles. Play Magnus AS has applied all relevant IFRS standards that were in effect for 2020 as of the date of transition to IFRS, 1 January 2018.

None of the issued, not yet effective, accounting standards or amendments to such standards are expected to have significant effects on Play Magnus AS's financial reporting.

Note 4 Significant estimates and judgments

The application of accounting policies requires that management makes estimates and judgments in determining certain revenues, expenses, assets, and liabilities. The following areas involve a significant degree of judgment and complexity, and may result in significant variation in amounts:

- Valuation of deferred tax assets – note 17
- Capitalization of internally generated intangible assets - see note 13

Note 5 Financial risk disclosures

Credit risk

Credit risk for the Play Magnus AS consists of balances held at agents such as Apple, Google, and other well-established entities; as well as cash deposits held at DNB. There may be some credit risk related to partnership customers for longer-term contracts, though management believes this risk is very low given the focus on working with reputable brands with a well-established presence in the business community. Management believes platform customer risk is very low as they generally need to pay upfront in order to receive services.

Liquidity risk

Play Magnus AS needs to maintain enough liquidity in order to pay salaries and other major operational costs. Additionally, Play Magnus AS is funding the development and operations of its subsidiaries in a growth phase. Play Magnus AS had a convertible loan balance of NOK 16 587 397 as of 31 December 2019 with a maturity on 15 July 2022. The loan obligation was settled in full in Q1 2020. Non-current lease liabilities have a maturity of 5 years, and all other financial liabilities (current lease liabilities and accounts payable) are due within 12 months. Play Magnus AS has ample cash to support operations and liabilities and no external debt. Play Magnus AS has no investments in equity securities apart from the wholly-owned subsidiaries and does not use financial derivatives.

Foreign exchange risk

Play Magnus AS primarily earns revenue in USD and NOK. The expenses are weighted towards NOK but also include GBP, USD, and EUR, which could result in some FX fluctuations.

Management considers the primary foreign exchange exposure of Play Magnus AS to be the cash balances and intra-group loans.

The sensitivity analysis depicted in the table below reflects the effect on the company's loss if the following currencies had strengthened or weakened against the NOK.

Amounts in NOK

Currency	Change in exch. rate	Impact 2020	Impact 2019	Impact 2018
USD	+/- 10%	4 834 151	70 342	69 607
GBP	+/- 10%	9 784 518	167 292	-
EUR	+/- 10%	6 097 406	694 686	-

Capital management

Management believes that Play Magnus AS is in a growth phase and intends to invest in existing and new subsidiaries to grow the market share. Management will undertake acquisitions where it sees market growth opportunities. Play Magnus AS intends to fund acquisitions and internal growth with current cash balances and equity capital. The policy is to keep its cash in a checking account or invest in government securities. The bank where Play Magnus AS keeps excess liquidity is well established and reputable with a long history of holding deposits without defaults.

Note 6 Convertible Loan

For background and information about the convertible loan, see note 7 in the consolidated financial statements.

Note 7 Financial assets and financial liabilities

Accounting policies for financial instruments

Financial assets and financial liabilities are recognized in accordance with IFRS 9 *Financial Instruments*.

Financial assets

Financial assets represent a contractual right by Play Magnus AS to receive cash or another financial asset in the future. Financial assets include cash and cash equivalents, accounts receivable, and withheld cash receivable. On initial recognition, a financial asset is measured at fair value and classified for subsequent measurement at amortized cost; at fair value through other comprehensive income (FVOCI), or at fair value through profit or loss (FVTPL).

Classification depends on the business model and, for some instruments, the entity's choice.

Financial assets are derecognized when the rights to receive cash from the asset have expired or when Play Magnus AS has transferred the asset.

Financial liabilities

Financial liabilities represent a contractual obligation by Play Magnus AS to deliver cash in the future and are classified as either current or non-current. Financial liabilities include the convertible loan, contingent consideration, accounts payable, and other financial liabilities. Financial liabilities are initially recognized at fair value, including transaction costs directly attributable to the transaction, and are subsequently measured at amortized cost. Financial liabilities are derecognized when the obligation is discharged through payment or when Play Magnus is legally released from the primary responsibility for the liability.

The specification given below relates to financial statement line items containing financial instruments. Information is classified and measured in accordance with IFRS 9. Financial assets, classified as current and non-current, represent the maximum exposure Play Magnus has towards credit risk as at the reporting date. All financial assets and financial liabilities at FAAC and FLAC in the table have an amortized cost that approximates fair value at the balance sheet date.

<i>Amounts in NOK</i>	Category	31.12.2020	31.12.2019	31.12.2018
Financial assets				
Current financial assets	FAAC	55 182	55 182	-
Accounts Receivable	FAAC	1 282 920	388 466	352 489
Cash and cash equivalents	FAAC	264 419 608	12 927 610	28 222 937
Total financial assets		265 757 710	13 371 259	28 575 426

<i>Amounts in NOK</i>	Fair value level	Category	31.12.2020	31.12.2019	31.12.2018
Financial liabilities					
Convertible loan		FLAC	-	16 587 397	-
Non-current financial liabilities		FLAC	796 475	2 593 224	2 006 307
Accounts payable		FLAC	3 805 139	579 979	983 661
Current financial liabilities		FLAC	447 044	778 532	486 410
Non-current financial liabilities	3	FVTPL	1 540 086	-	-
Current financial liabilities	3	FVTPL	-	15 564 249	-
Total financial liabilities			6 588 744	36 103 381	3 476 378

FAAC - Financial assets at amortized cost

FVTPL - Fair value through P&L

FLAC - Financial liabilities at amortized cost

Note 8 Operating segments

Play Magnus AS identifies its reportable segments and discloses segment information under IFRS 8 Operating Segments, which requires Play Magnus AS to identify its segments according to the organization and reporting structure used by management. Operating segments are components of a business that are evaluated regularly by the chief operating decision-maker for the purpose of assessing performance and allocating resources. Play Magnus AS's senior management team, led by the CEO, Andreas Thome, is considered to be the chief operating decision-maker (CODM). Generally, financial information is required to be disclosed on the same basis that is used by the chief operating decision-maker.

IFRS 8.5(a)(b)(c) identifies three criteria for an operating segment of an entity. IFRS 8.5(b) requires that the operating results be regularly reviewed by the CODM and IFRS 8.5(c) requires the segment to have discrete financial information available. Play Magnus AS's areas of operations are interconnected, making it difficult to report to the CODM discrete financial information related to the different areas of the business (e.g. courses, subscriptions and tours, and partnerships). In addition, management currently has a strong focus on revenues as the company is in a scale-up growth phase with a strong focus on gaining market share.

Management focuses on the following separately managed business areas with products serving different markets, or distinct elements of the business separately followed up and reported to the chief operating decision-maker. These business areas are Courses, Subscriptions, and Tour and partnerships. The operating segments are primarily monitored on a group level.

Subscriptions: Play Magnus AS's subscription revenue includes fees associated with the Play Magnus app suite memberships. The duration of the memberships ranges from monthly to those of one to three years.

Tour and partnerships: Play Magnus Group organizes top-level chess competitions with industry-leading prizes. Play Magnus AS's revenue from this segment is derived from partnership agreements and the production of the Champions Chess Tour broadcast in Oslo.

Play Magnus AS uses revenue as a key measure for monitoring the business area's performance. Management considers key performance indicators to be both at bookings, as well as IFRS results with the difference primarily attributed to the recognition of subscription revenue that's longer than one year in duration and recognition of Tour/partnership revenues which have been contractually agreed to and/or already paid but will be recognized over time when services are provided. Play Magnus AS's revenue that is not part of main operations is reported together with Other revenue. As the services of Play Magnus AS are primarily delivered to the customers

through mobile and web-based platforms, information based on the geographic location of the customer is not readily available within the context of segment reporting.

The following table includes information about Play Magnus AS's revenue measures, which are reported on a regular basis to the chief operating decision-maker.

Bookings are defined as revenue that has been paid or contractually agreed to be paid for by the customer. Revenue is considered booked at the time of the sale or signing of a contract.

Accounting revenue (IFRS) is recognized at the time of delivery of the service.

Disaggregation of revenue from contracts with customers

	2020			
<i>Amounts in NOK</i>		IFRS	Bridge	Bookings
Subscriptions		6 661 572		6 661 572
Deferred subscription Revenue recognized in period		-406 997		-406 997
Deferred revenue of subscriptions - current portion		1 038 845		1 038 845
Deferred revenue of subscriptions - non current portion		183 267		183 267
Tour revenue and partnerships	6 245 925			6 245 925
Deferred tour revenue and partnership recognized in period		-4 394		-4 394
Contracted bookings that has not yet been invoiced*		1 950 000		1 950 000
Other revenue	1 115 265			1 115 265
Revenue from contracts with customers	14 022 763	2 760 722		16 783 485

	2019			
<i>Amounts in NOK</i>		IFRS	Bridge	Bookings
Subscriptions		4 879 010		4 879 010
Deferred subscription Revenue recognized in period		-308 931		-308 931
Deferred revenue of subscriptions - current portion		406 997		406 997
Deferred revenue of subscriptions - non current portion		163 447		163 447
Tour revenue and partnerships	2 251 573			2 251 573
Deferred tour revenue and partnership recognized in period		-1 222 329		-1 222 329
Deferred revenue of tour and partnerships - current portion		4 394		4 394
Other revenue	798 649			798 649
Revenue from contracts with customers	7 929 232	-956 422		6 972 810

2018

<i>Amounts in NOK</i>	IFRS	Bridge	Bookings
Subscriptions	2 651 131		2 651 131
Deferred subscription Revenue recognized in period		-109 028	-109 028
Deferred revenue of subscriptions - current portion		308 931	308 931
Deferred revenue of subscriptions - non current portion		181 293	181 293
Tour revenue and partnerships	1 693 734		1 693 734
Deferred revenue of tour and partnerships - current portion		1 222 329	1 222 329
Other revenue	350 254		350 254
Revenue from contracts with customers	4 695 119	1 603 525	6 298 644

* This comes from fees contracted in 2020 but which have not been invoiced as of 31 December 2020. Fees which have been agreed but which the customer is not contractually obliged to pay is not included.

Note 9 Revenue from customers

Accounting policies for revenue recognition

Play Magnus AS accounts for revenue in accordance with IFRS 15 Revenue from Contracts with Customers.

IFRS 15 requires the reporting entity, for each contract with a customer, to identify the performance obligations, determine the transaction price, allocate the transaction price to performance obligations to the extent the contract covers more than one performance obligation, determine whether revenue should be recognized over time or at a point in time, and, finally, recognize revenue when or as performance obligations are satisfied.

A performance obligation is satisfied when or as the customer obtains control of the goods or services delivered.

Play Magnus AS earns revenue via subscriptions, partnership agreements and ads.

A description of Play Magnus AS's principal revenue generating activities and performance obligations are as follows:

Subscriptions: Play Magnus AS's subscription revenue includes fees associated with the Play Magnus app suite, which is sold through Apple's App Store, Google's Google Play, and playmagnus.com. The memberships provide a different set of features related to e-learning content and entertainment. The duration of the memberships ranges from monthly to those of one to three years. Monthly subscriptions are recognized at the time of purchase while annual and multi-year subscriptions are recognized on a pro-rata basis (over 12 months for an annual subscription, 36 months for a 3-year subscription). The rest is considered deferred revenue. The Play Magnus apps have in-app purchases which are recognized at the point of sale.

Tour and partnership revenue: Play Magnus Group organizes top-level chess competitions with industry-leading prizes. Revenue from this segment is derived from media rights from TV and other broadcast partners, as well as from other brand partners. Play Magnus AS has revenue from the tournaments from partnership agreements and the media rights for the broadcast produced in Oslo. Revenue is recognized as partnership and tour events are completed.

Other advertising revenue: Play Magnus AS generates ad revenue via major entertainment platforms such as YouTube.

Course content and subscription sales expenses

Play Magnus AS's primary cost of subscription sales is in relation to fees to Apple and Google.

Disaggregation of revenue from contracts with customers

<i>Amounts in NOK</i>	2020	2019	2018
Subscriptions	6 661 572	4 879 010	2 651 131
Tour revenue and partnerships	6 245 925	2 251 573	1 693 734
Other revenue	1 115 266	798 649	350 254
Revenue from contracts with customers	14 022 763	7 929 232	4 695 119

At a point in time revenue recognition

Subscriptions	-	-	-
Tour revenue and partnerships	-	-	-
Other revenue	1 115 266	798 649	172 339
Total at a point in time revenue recognition	1 115 266	798 649	172 339

Over time revenue recognition

Subscriptions	6 661 572	4 879 010	2 651 131
Tour revenue and partnerships	6 245 925	2 251 573	1 693 734
Other revenue	-	-	177 919
Total over time revenue recognition	12 907 497	7 130 583	4 522 784

Deferred revenue

<i>Amounts in NOK</i>	2020	2019	2018
Revenue recognized in this period that was included in the deferred revenue balance at the beginning of the period.			
Subscriptions	406 997	308 931	109 028
Tour revenue and partnerships	4 394	1 222 239	-
Other revenue	-	-	-
Total revenue recognized	411 391	1 531 170	109 028

<i>Amounts in NOK</i>	31.12.2020	31.12.2019	31.12.2018
Current portion of deferred revenue			
Subscriptions	1 038 845	406 997	308 931
Tour revenue and partnerships	-	4 394	1 222 329
Other revenue	-	-	-
Total current portion of deferred revenue	1 038 845	411 391	1 531 260

<i>Amounts in NOK</i>	31.12.2020	31.12.2019	31.12.2018
Non-current portion of deferred revenue			
Subscriptions	183 267	163 447	181 293
Tour revenue and partnerships	-	-	-
Other revenue	-	-	-
Total non-current portion of deferred revenue	183 267	163 447	181 293

Note 10 Employee benefit expense

Accounting policies for employee benefit expense

Payments to employees, such as wages, salaries, social security contributions, paid annual leave and bonus agreements are accrued in the period in which the associated services are rendered by the employee. Post-employment benefits are recognized in accordance with IAS 19 Employee Benefits.

Contributions to defined contribution plans are recognized in the statement of comprehensive income in the period in which they accrue.

Employee benefit expenses*

<i>Amounts in NOK</i>	2020	2019	2018
Salaries	4 202 640	5 222 655	5 792 186
Board remuneration	759 258	-	-
Social security costs	1 081 840	756 638	839 549
Other personnel related costs	39 865	122 832	141 960
Pension expense	72 942	107 126	118 658
Total employee benefit expenses	6 156 545	6 209 250	6 892 353
Less capitalized personnel costs	1 369 372	3 427 185	4 185 751
Total employee benefit expenses	4 787 173	2 782 065	2 706 602

Average number of FTEs	6.5	9.5	10.0
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* Employee benefit expenses do not include senior management costs that are paid through a consultant's contract. See notes 12, 13, and 21 in the consolidated financial statements for additional information regarding management compensation. Employee benefit expenses do not include stock options expense, which is shown as a separate line item in the statement of comprehensive income.

The company is obligated to follow the stipulations in the Norwegian Mandatory Occupational Pensions Act. The company's pension scheme adheres to the requirements.

Note 11 Management and board of directors remuneration

For information about management and board of directors remuneration for 2020 and 2019, see note 12 in the consolidated financial statements.

CEO Andreas Thome has received a consultancy fee from Play Magnus AS of NOK 1 223 457 via the company Polar Star Thome SL in 2020 and NOK 2 616 983 in 2019. He has been employed by the subsidiary Chessable Spain SL since September 2020.

CFO Dmitri Shneider has received a consultancy fee from Play Magnus AS of NOK 822 273 via the company Dimaedu Limited for the period August 2020 to December 2020. He had no remuneration from Play Magnus AS in 2019.

CSO Arkus Fredriksson has received a consultancy fee from Play Magnus AS of NOK 467 489 via the company Freethem Generation AB in 2020 and NOK 641 777 in 2019. He has been employed by the subsidiary Chessable Spain SL since June 2020.

Payments to key personnel 2018

Amounts in NOK (except for share ownership)	2018					Direct and indirect share ownership at 31 December 2018	Options granted as of 31 December 2018
	Salary / consultancy fee	Bonus / consultant incentive remuneration	Pension benefit	Other remuneration	TOTAL remuneration		
Katherine Anne Murphy, CEO ¹⁾	900 229	100 000	16 900	9 310	1 026 439	500 000	-
Andreas Thome, CCO ²⁾	1 372 216	-	-	-	1 372 216	44 300	-
Felipe Longe, CTO ³⁾	743 685	-	12 874	4 392	760 951	-	-
Total	3 016 130	100 000	29 774	13 702	3 159 606	544 300	-

- 1) Katherine Anne Murphy was the CEO of Play Magnus AS in 2018. She was employed by the company.
- 2) Andreas Thome joined Play Magnus AS as Chief Commercial Officer in Q4 2017. He was employed until February 2020 and then became a consultant through the company Polar Star Thome SL.
- 3) Felipe Longe was promoted to CTO of Play Magnus AS in April 2018. Until then he was employed as a senior developer.

There was no board remuneration in 2018.

All share numbers and share options numbers are reflecting the 1:100 share split in October 2020.

Note 12 Share-based compensation

For information about share-based compensation for 2020 and 2019, see note 13 in the consolidated financial statements.

Note 13 Intangible assets

Accounting policies for intangible assets

Intangible assets acquired individually or as a group are recognized at fair value when acquired. Internally generated intangible assets are recognized when the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. Development costs are capitalized as intangible assets at cost in accordance with IAS 38 Intangible Assets when the recognition criteria are met. Research expenditures are expensed as incurred.

At each financial year-end Play Magnus AS reviews the residual value and useful life of its assets, with any estimate changes accounted for prospectively over the remaining useful life of the asset.

The intangible assets of Play Magnus AS consist of website and mobile technology development connected to the Play Magnus app suite. As of 2020, three mobile applications and an accompanying website have been developed and launched: Play Magnus, Magnus Trainer, and Tactics Frenzy. The website/mobile technology consists of capitalized employee expenses and services purchased from external contractors.

	Website/ mobile technology	Total
Balance 01.01.2020	26 069 136	26 069 136
Additions	1 231 382	1 231 382
Capitalized employee benefit expense	1 369 372	1 369 372
Acquired cost 31.12.2020	28 669 890	28 669 890
Balance 01.01.2020	12 199 284	12 199 284
Amortization	4 518 114	4 518 114
Reduction amort. because of unearned Skattefunn	700 145	700 145
Accumulated amortization 31.12.2020	17 417 543	17 417 543
Carrying value 31.12.2020	11 252 347	11 252 347

Estimated lifetime	5 years
Amortization schedule	Straight line

	Website/ mobile technology	Total
Balance 01.01.2019	21 590 461	21 590 461
Additions	1 051 490	1 051 490
Capitalized employee benefit expense	3 427 185	3 427 185
Acquired cost 31.12.2019	26 069 136	26 069 136
Balance 01.01.2019	7 944 279	7 944 279
Amortization	3 554 860	3 554 860
Reduction amort. because of unearned Skattefunn	700 145	700 145
Accumulated amortization 31.12.2019	12 199 284	12 199 284
Carrying value 31.12.2019	13 869 852	13 869 852

Estimated lifetime 5 years
 Amortization schedule Straight line

	Website/ mobile technology	Total
Balance 01.01.2018	15 980 323	15 980 323
Additions	1 424 387	1 424 387
Capitalized employee benefit expense	4 185 751	4 185 751
Acquired cost 31.12.2018	21 590 461	21 590 461
Balance 01.01.2018	4 652 921	4 652 921
Amortization	2 591 213	2 591 213
Reduction amort. because of unearned Skattefunn	700 145	700 145
Accumulated amortization 31.12.2018	7 944 279	7 944 279
Carrying value 31.12.2018	13 646 182	13 646 182

Estimated lifetime 5 years
 Amortization schedule Straight line

Note 14 Accounts receivable

Accounting policies for trade receivables

Accounts receivable are initially recognized at transaction price, subsequently accounted for at amortized cost, and are reviewed for impairment on an ongoing basis. Individual accounts are assessed for impairment taking into consideration indicators of financial difficulty and management assessment. Play Magnus AS's business model for accounts receivable is to hold the receivables to collect the contractual cash flows.

	31.12.2020	31.12.2019	31.12.2018
Accounts receivable	1 282 920	396 119	352 489
Loss allowance	-	7 653	-
Total	1 282 920	388 466	352 489

Distribution by currency

<i>Amounts in NOK</i>	31.12.2020	31.12.2019	31.12.2018
Accounts receivable NOK	912 868	362 890	352 489
Accounts receivable USD	-	30 028	-
Accounts receivable EUR	370 052	-	-
Accounts receivable GBP	-	3 201	-
Total	1 282 920	396 119	352 489

Aging of gross trade receivables

<i>Amounts in NOK</i>	Total	< 30 days	30-60 days	60-90 days	>90 days
31.12.2020	1 282 920	1 250 012	-	32 908	-
Loss allowance	-	-	-	-	-
Book value 31.12.2020	1 282 920	1 250 012	-	32 908	-
31.12.2019	396 119	358 438	30 028	-	7 653
Loss allowance	7 653	-	-	-	7 653
Book value 31.12.2019	388 466	358 438	30 028	-	0
31.12.2018	352 489	348 037	-	4 452	-
Loss allowance	-	-	-	-	-
Book value 31.12.2018	352 489	348 037	-	4 452	-

Note 15 Statement of cash flows

Accounting policies for cash and cash equivalents

Cash and cash equivalents in the statement of financial position include cash, bank deposits, and all other monetary instruments with a maturity of less than three months from the date of acquisition and are measured at nominal value.

Bank deposits earn interest at floating rates based on the different bank agreements.

For the purpose of the statement of cash flow, cash and cash equivalents comprise the following at 31 December:

<i>Amounts in NOK</i>	31.12.2020	31.12.2019	31.12.2018
Bank deposits	264 168 191	12 663 599	27 960 035
Restricted cash balances	251 417	264 011	262 902
Total cash and cash equivalents	264 419 608	12 927 610	28 222 937

Distribution of cash by currency

<i>Amounts in NOK</i>	31.12.2020	31.12.2019	31.12.2018
Cash Balances NOK	138 057 910	12 224 189	27 526 871
Cash Balances USD	48 341 511	703 421	696 066
Cash Balances EUR	48 882 455	-	-
Cash Balances GBP	29 137 732	-	-
Total	264 419 608	12 927 610	28 222 937

Changes in liabilities arising from financing activities

Lease liabilities

<i>Amounts in NOK</i>	2018	2019	2020	Total
Balance at the beginning of the period	-	2 492 717	3 371 756	5 864 473
<i>Cash changes</i>				
Principal payment to lessor	-206 814	-565 668	-669 350	-1 441 832
Interest payment to lessor	-43 182	-127 147	-125 797	-296 126
<i>Non-cash changes</i>				
Initial recognition	2 699 531	2 280 540	-	4 980 071
Accrued interest	43 182	127 147	125 797	296 126
Lease modifications/disposals	-	-835 833	-1 458 887	-2 294 720
Balance at the end of the period	2 492 717	3 371 756	1 243 519	7 107 992

Convertible loans

<i>Amounts in NOK</i>	2018	2019	2020	Total
Balance at the beginning of the period	-	-	16 587 397	16 587 397
<i>Cash changes</i>				
Cash proceeds received from lender	-	16 000 000	-	16 000 000
Repayment of convertible loan	-	-	-10 000 000	-10 000 000
Interest payment on convertible loan	-	-	-709 589	-709 589
<i>Non-cash changes</i>				
Conversion into equity	-	-	-6 332 818	-6 332 818
Recognition of equity component	-	-285 714	-	-285 714
Accrued interest	-	873 111	455 010	1 328 121
Balance at the end of the period	-	16 587 397	-	16 587 397

Note 16 Other current liabilities

Other current liabilities

<i>Amounts in NOK</i>	31.12.2020	31.12.2019	31.12.2018
Accrued Skattefunn	968 091	1 668 236	2 368 381
Accrued expenses	2 075 267	1 435 939	1 065 371
Other	3 955 099	338 873	411 631
Total other current liabilities	6 998 458	3 443 049	3 845 382

Note 17 Taxes

Accounting policies for income taxes, current and deferred

Taxes payable is based on taxable profit for the year, which excludes items of income or expense that are taxable or deductible in other years. Taxable profit also excludes items that are never taxable or deductible. Play Magnus AS's liability for current tax is calculated using tax rates that have been enacted or substantively enacted as of the balance sheet date.

Deferred income tax expense is calculated using the liability method in accordance with IAS 12 Income Taxes. Deferred tax assets and liabilities are classified as non-current in the balance sheet and are measured based on the difference between the carrying value of assets and liabilities for financial reporting and their tax basis when such differences are considered temporary in nature. For items recognized as an asset and a liability at inception, such as a lease, temporary differences related to the asset and liability are considered in combination, and deferred tax assets and liabilities are recognized on changes to the temporary differences through the life of the items. Deferred tax assets are reviewed for recoverability every balance sheet date, and the amount probable of recovery is recognized.

Deferred income tax expense represents the change in deferred tax asset and liability balances during the year, except for the deferred tax related to items recognized in Other comprehensive income. Changes resulting from amendments and revisions in tax laws and tax rates are recognized when the new tax laws or rates become effective or are substantively enacted. Uncertain tax positions are recognized in the financial statements based on management's expectations.

Significant judgment in accounting for income taxes

Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the future, planned transactions, or planned tax optimizing measures, all of which may be uncertain. Economic conditions may change and lead to a different conclusion regarding recoverability. The tax authorities may challenge Play Magnus AS's calculation of taxes payable

from prior periods. Such processes may lead to changes to prior periods' taxable income, resulting in changes to income tax expense in the period of change, as well as interest and fines.

Calculation of deferred tax/deferred tax benefit

Temporary differences	2020	2019	2018
Intangible assets	4 338 987	3 849 562	1 522 260
Property, plant and equipment	1 240 660	3 378 741	2 522 517
Current and non-current assets	-	57 314	81 867
Liabilities	-2 211 610	-5 614 830	-6 573 651
Other differences	-	-	-
Net temporary differences	3 368 037	1 670 787	-2 447 007
Tax losses carried forward	-96 095 736	-37 700 430	-25 231 436
Basis for deferred tax (asset)	-92 727 699	-36 029 643	-27 678 443
Deferred tax (asset)	-20 400 094	-7 926 521	-6 089 257
Deferred tax asset not recognised in the balance sheet	20 400 094	8 405 781	5 941 708
Deferred tax asset in the balance sheet	-	-	147 549
Deferred tax in the balance sheet	-	479 260	-

Basis for income tax expense, changes in deferred tax and tax payable

Basis for income tax expense	2020	2019	2018
Result before taxes	-67 463 615	-11 439 619	-9 956 742
Permanent differences	10 765 561	3 088 417	-372 519
Basis for income tax expense	-56 698 054	-8 351 203	-10 329 261
Change in temporary differences	-1 697 250	-4 117 794	-385 795
Change in tax loss carried forward	58 395 304	12 468 997	10 715 056
Taxable income (basis for payable taxes in the balance sheet)	-	-	-
Components of the income tax expense	2020	2019	2018
Payable tax on this year's result	-	-	-
Adjustment in respect of prior year	-	-	-
Total tax payable	-	-	-
Change in deferred tax (asset)	-479 260	626 806	-147 549
Change in deferred tax (asset) posted to equity	-	-	-
Change in def. tax (asset) due to tax rate	-	-	-
Tax expense	-479 260	626 806	-147 549

Reconciliation of the tax expense	2020	2019	2018
Result before taxes	-67 463 615	-11 439 619	-9 956 742
Calculated tax	-14 841 995	-2 516 716	-2 290 051
Tax expense	-479 260	626 806	-147 549
Difference	-14 362 735	-3 143 522	-2 142 502
The difference consist of:	2020	2019	2018
Tax of permanent differences	2 368 423	679 452	-85 679
Tax cost recognised in equity	-	-	-
Change in deferred tax asset not recognised	11 994 312	2 464 071	2 160 058
Other differences	-	-	68 123
Sum explained differences	14 362 736	3 143 522	2 142 502
Payable taxes in the balance sheet	2020	2019	2018
Payable tax in the tax charge	-	-	-
Payable tax in the balance sheet	-	-	-

Deferred tax assets are recognized when the company can document future taxable profits to utilize the tax asset. The deferred tax asset is recognized for the amount corresponding to the expected taxable profit based on convincing evidence. The carrying amount of deferred tax assets is reviewed at each reporting date (quarterly) and reduced to the extent that convincing evidence no longer exists for the utilization. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that convincing evidence exists supporting that taxable profits will allow the deferred tax asset to be recovered. The actual outcome of future tax costs may deviate from these estimates.

Undertaken an assessment of the criteria under IAS 12, the company has not included deferred tax assets related to tax losses carried forward.

Note 18 Other operating expenses

Amounts in NOK

Other operating expenses	2020	2019	2018
Consultancy fees	10 601 481	5 934 336	3 307 626
Miscellaneous office expenses	42 147	79 957	437 631
Legal and audit fees	8 792 046	783 078	411 944
Travel	268 732	735 290	744 698
Marketing	1 372 192	1 179 504	2 868 035
Inter-company purchases	3 341 005	-	-
Other	1 615 282	855 109	664 567
Total	26 032 886	9 567 275	8 434 501

Audit fees

Play Magnus AS has the following audit-related fees, provided by our elected auditor, included in the legal and audit fees in the table above (all figures excl. VAT). The table below shows the cash paid to auditors of the different entities in 2020 and 2019.

Amounts in NOK

Category	2020	2019	2018
Audit services	966 769	46 025	67 170
Other audit related services	1 063 727	103 370	10 870
Tax services	1 189 785	-	-
Total	3 220 281	149 395	78 040

Equity funding transaction expenses

In connection with the listing on Euronext Growth, Play Magnus AS had expenses of NOK 21 368 897 in 2020. Expenses related to the private placement in connection with the listing have not been separated from the listing expenses and are shown entirely in this line.

Note 19 Financial items

Financial items

<i>Amounts in NOK</i>	2020	2019	2018
Interest income	810 801	89 474	13 209
Exchange rate gains	1 304 859	46 347	37 684
Other financial income	-	-	-
Financial income	2 115 660	135 821	50 893
Interest expense	129 326	133 198	44 850
Interest expense on convertible loan	455 010	873 107	-
Exchange rate losses	11 428 490	60 677	57 921
Other financial expense	7 007	1 325	583
Financial expense	12 019 832	1 068 306	103 354
NET FINANCIAL ITEMS	-9 904 173	-932 486	-52 461

Note 20 Tangible assets

Accounting policies for property, plant, and equipment

Tangible assets consisting of office equipment are recognized at acquisition cost. The carrying value is comprised of the historical cost less accumulated depreciation and any accumulated impairment losses (if any). Office buildings consist of leased assets (right-of-use assets). Short-term and low-value leases are excluded from the lease accounting. When measuring leases, Play Magnus AS includes fixed lease payments for extension periods reasonably certain to be used. As a practical expedient, non-lease components are not separated from lease contracts, and not recognized but expensed in the period when the lease expense is incurred. Judgment is applied

in assessing whether renewal options are reasonably certain to be utilized. See note 27 for the specification of the current and non-current lease liabilities.

Depreciation expense is measured on a straight-line basis over the estimated useful life of the asset, commencing when the asset is ready for its intended use.

At each financial year-end Play Magnus reviews the residual value and useful life of its assets, with any estimate changes accounted for prospectively over the remaining useful life of the asset.

	Office buildings (Right-of-use assets)	Total
Balance Play Magnus 01.01.2020	4 144 247	4 144 247
Additions	-	-
Disposals	-1 458 888	-1 458 888
Acquired cost 31.12.2020	2 685 359	2 685 359

Accumulated depreciation and impairment

Balance Play Magnus 01.01.2020	765 506	765 506
Depreciation of the year	679 193	679 193
Impairment of the year	-	-
Accumulated depreciation disposals	-	-
Accumulated depreciation and impairments 31.12.2020	1 444 699	1 444 699
Carrying value 31.12.2020	1 240 660	1 240 660

Estimated lifetime 5 years
 Depreciation schedule Straight line

	Office buildings (Right-of-use assets)	Total
Balance Play Magnus 01.01.2019	2 699 536	2 699 536
Additions	2 280 544	2 280 544
Disposals	-835 833	-835 833
Acquired cost 31.12.2019	4 144 247	4 144 247

Accumulated depreciation and impairment

Balance Play Magnus 01.01.2019	177 019	177 019
Depreciation of the year	588 487	588 487
Impairment of the year	-	-
Accumulated depreciation disposals	-	-
Accumulated depreciation and impairments 31.12.2019	765 506	765 506
Carrying value 31.12.2019	3 378 741	3 378 741

Estimated lifetime 5 years
 Depreciation schedule Straight line

	Office buildings (Right-of-use assets)	Total
Balance Play Magnus 01.01.2018	-	-
Additions	2 699 536	2 699 536
Disposals	-	-
Acquired cost 31.12.2018	2 699 536	2 699 536

Accumulated depreciation and impairment

Balance Play Magnus 01.01.2018	-	-
Depreciation of the year	177 019	177 019
Impairment of the year	-	-
Accumulated depreciation disposals	-	-
Accumulated depreciation and impairments 31.12.2018	177 019	177 019
Carrying value 31.12.2018	2 522 517	2 522 517

Estimated lifetime 5 years
 Depreciation schedule Straight line

Interest expense relating to lease recognized in the income statement for 2020 was NOK 125 797, NOK 127 147 for 2019, and NOK 43 182 in 2018. Total cash outflows for leases in 2020 were NOK 795 147, NOK 692 815 in 2019, and NOK 249 996 in 2018.

Note 21 Subsidiaries and shareholders

The table shows Play Magnus AS's ownership interest in its subsidiaries. These subsidiaries are holding companies and their directly owned subsidiaries. Ownership interests correspond to voting interests. For information about the acquisitions of the subsidiaries, see note 6 in the consolidated financial statements.

Shares in subsidiaries

Entity	Office	Ownership interest 2020	Ownership interest 2019	Carrying amount	
				as of 31 December 2020	as of 31 December 2019
United Mind Sports Ltd	Gibraltar	100 %	100 %	123 527 393	113 192 625
Chessable Ltd	Gibraltar	100 %	100 %	71 044 123	61 203 109
iChess LLC	USA	100 %	-	8 497 478	-
Total				203 068 994	174 395 734

Shares in subsidiaries owned through subsidiaries

Entity	Office	Ownership interest 2020	Ownership interest 2019
Caroona Ltd	Gibraltar	100 %	100 %
E-Learning Ltd	Gibraltar	100 %	100 %
Logical Thinking Ltd	Gibraltar	100 %	100 %
Chess24 GmbH	Germany	100 %	100 %
ChessX SIA	Latvia	100 %	100 %
Chessable Limited Spain SL	Spain	100 %	-

Sales and purchases of services, receivables, and liabilities

Entity	Sales 2020	Purchases 2020	Receivables 2020	Liabilities 2020	Sales 2019	Purchases 2019	Receivables 2019	Liabilities 2019
United Mind Sports Ltd	-	-	-	-	-	-	-	-
Chessable Ltd	259 011	326 493	-	67 482	-	-	-	-
iChess LLC	-	-	-	-	-	-	-	-
Caroona Ltd	0	-	-	-	-	-	-	-
E-Learning Ltd	-	-	-	-	-	-	-	-
Logical Thinking Ltd	2 938 348	1 195 552	-	-	-	-	-	-
Chess24 GmbH	-	-	-	-	-	-	-	-
ChessX SIA	337 144	-	337 144	-	-	-	-	-
Chessable Spain SL	-	1 818 959	-	-	-	-	-	-
Total	3 534 503	3 341 005	337 144	67 482	-	-	-	-

Financial transactions, receivables, and liabilities

Entity	Financial income 2020	Financial expense 2020	Receivables 2020	Liabilities 2020	Financial income 2019	Financial expense 2019	Receivables 2019	Liabilities 2019
United Mind Sports Ltd	-	-	-	22 664	-	-	-	22 664
Chessable Ltd	168 455	-	22 728 327	-	18 153	-	1 672 923	-
iChess LLC	-	-	-	-	-	-	-	-
Caroona Ltd	-	-	-	-	-	-	-	-
E-Learning Ltd	-	-	-	-	-	-	-	-
Logical Thinking Ltd	490 026	-	45 979 116	-	60 048	-	6 946 858	-
Chess24 GmbH	-	-	-	-	-	-	-	-
ChessX SIA	50 757	-	12 091 602	-	-	-	-	-
Chessable Spain SL	-	-	-	-	-	-	-	-
Total	709 238	-	80 799 045	22 664	78 200	-	8 619 780	22 664

Play Magnus AS Shareholders as of 31 December 2020

Shareholders	Number of ordinary shares	Total # of shares	% of shareholdin g
LT Holdings Limited	4 964 620	4 964 620	9.5%
Magnuschess AS	4 950 480	4 950 480	9.5%
Morgan Stanley & Co. LLC	3 987 226	3 987 226	7.6%
Investinor AS	3 819 500	3 819 500	7.3%
Myrlid AS	2 730 000	2 730 000	5.2%
UBS Switzerland AG	2 539 100	2 539 100	4.9%
MP Pensjon PK	2 391 100	2 391 100	4.6%
T.D. Veen AS	2 181 400	2 181 400	4.2%
Skandinaviska Enskilda Banken AB	1 428 571	1 428 571	2.7%
State Street Bank and Trust Comp	1 400 000	1 400 000	2.7%
Idekapital AS	1 225 000	1 225 000	2.3%
Verdipapirfondet DNB SMB	1 192 721	1 192 721	2.3%
Others	19 352 782	19 352 782	37.1%
Total	52 162 500	52 162 500	100.0%

Note 22 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are not presented as the company is in a net loss position for 2020.

Options granted to employees and consultants under the Stock Option Incentive Scheme are considered to be potential ordinary shares. The options have not been included in the determination of basic earnings per share. When Play Magnus AS has a net profit for the year, the options will be included in the diluted earnings per share to the extent the options are considered to be dilutive (shares that are vested and exercisable).

<i>Amounts in NOK</i>	2020	2019	2018
Profit for the year	-66 984 355	-12 066 425	-9 809 193
Weighted average number of ordinary shares	37 399 147	23 007 100	23 007 100
Earnings in USD per share profit for the year	-1.79	-0.52	-0.43

Note 23 Related parties

For information about related parties, see note 26 in the consolidated financial statements.

Note 24 Non-current financial liabilities

Current financial liabilities

<i>Amounts in NOK</i>	31.12.2020	31.12.2019	31.12.2018
Current lease liability	447 044	778 532	486 410
Contingent consideration	-	15 564 249	-
Total current financial liabilities	447 044	16 342 781	486 410

Non-current financial liabilities

<i>Amounts in NOK</i>	31.12.2020	31.12.2019	31.12.2018
Non-current lease liability	796 475	2 593 224	2 006 307
Contingent consideration	1 540 086	-	-
Total non-current financial liabilities	2 336 561	2 593 224	2 006 307

The contingent consideration of NOK 15 564 249 as of 31 December 2019 was related to the acquisition of Chessable Limited in August 2019. It was paid in Q2 2020 and the revaluation of the contingent consideration gave a loss of NOK 8 335 596 for 2020.

The contingent consideration of NOK 1 540 086 as of 31 December 2020 is related to the acquisition of iChess LLC in December 2020.

For more information about the contingent considerations, see note 6 in the consolidated financial statements.

Note 25 Leasing

Accounting policies for leasing (right-of-use assets)

Play Magnus AS implemented IFRS 16 from the date of transition to IFRS, 1 January 2018.

The leased assets (right-of-use assets) consist of office buildings in Oslo for 2018-2020 and Barcelona for 2019. Short-term and low-value leases are excluded from the lease accounting.

When measuring leases, Play Magnus AS includes fixed lease payments for extension periods reasonably certain to be used. As a practical expedient, non-lease components are not separated from lease contracts, and not recognized but expensed in the period when the lease expense is incurred. Judgment is applied in assessing whether renewal options are reasonably certain to be utilized.

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.

Right-of-use assets are 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.

Amounts recognized in the balance sheet

<i>Amounts in NOK</i>	31.12.2020	31.12.2019	31.12.2018
Office buildings	1 240 660	3 378 741	2 522 517
Total right-of-use assets	1 240 660	3 378 741	2 522 517

Useful life	5 years	5 years	5 years
Depreciation method	Straight-line	Straight-line	Straight-line

Lease liabilities

<i>Amounts in NOK</i>	31.12.2020	31.12.2019	31.12.2018
Current	447 044	778 532	486 410
Non-current	796 475	2 593 224	2 006 307
Total lease liability	1 243 519	3 371 756	2 492 717

Amounts recognized in the statement of profit or loss

<i>Amounts in NOK</i>	2020	2019	2018
Depreciation of right-of-use assets	679 193	588 487	177 019
Interest expense	125 797	127 147	43 182

Maturity profile lease liability

<i>Amounts in NOK</i>	Less than a year	1-3 years	3-5 years
Lease liabilities 31 December 2020	-	-	1 243 519
Lease liabilities 31 December 2019	-	-	3 371 756
Lease liabilities 31 December 2018	-	-	2 492 717

Reconciliation of lease financing activities

<i>Amounts in NOK</i>	2020	2019	2018
Opening balance 1 January	3 371 756	2 492 717	-
Cash flow	-795 147	-692 815	-249 996
New leases	-	2 280 540	2 699 531
Other non-cash changes	-1 333 090	-708 686	43 182
Closing balance 31 December	1 243 519	3 371 756	2 492 717

Note 26 Events after the reporting period

For information about events after the reporting period, see note 28 in the consolidated financial statements.

Note 27 Conversion to IFRS

IFRS conversion

For all periods up to and including the year ended 31 December 2019, Play Magnus AS prepared its financial statements in accordance with Norwegian accounting standards (specifically NRS 8 and using the exemptions for small companies ("små foretak") and guidelines for good accounting practice (Norwegian GAAP). These financial statements, for the year ended 31 December 2020, are the first Play Magnus AS has prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and specifically in accordance with IFRS 1 First-Time Adoption of International Financial Reporting Standards. As NRS 8 does not require the preparation of a statement of cash flows, the Play Magnus AS financial statements do not have a statement of cash flows, and it is therefore not possible to prepare a NGAAP to IFRS transition reconciliation for the cash flows. Equity reconciliations are given below for the 1 January 2018 transition to IFRS and 31 December 2019 which is the end of the latest period presented in the entity's most recent annual report using NGAAP.

Accordingly, Play Magnus AS has prepared financial statements which comply with IFRS as adopted by the EU applicable for periods beginning on or after 1 January 2019 as described in the accounting policies. In preparing these financial statements, Play Magnus AS's IFRS opening balance sheet was prepared as of 1 January 2018, the date of transition to IFRS using the same accounting principles as were applicable for the 2019 IFRS reporting. IFRS 16 Leases is applied from the date of transition, 1 January 2018.

This note explains the principal adjustments made by Play Magnus AS in restating its Norwegian GAAP (NGAAP) balance sheet as of 1 January 2018 and its previously published NGAAP financial statements for the years ended 31 December 2018 and 31 December 2019 and the NGAAP balance sheet as of 31 December 2019.

Exemptions applied

IFRS 1 First-Time Adoption of International Financial Reporting Standards allows first-time adopters certain exemptions from the general requirement to apply IFRS as effective for December 2019 year ends retrospectively. Play Magnus AS has not used any of the available exemptions. At the date of transition to IFRS, 1 January 2018, the entity had no lease agreements that were scoped into IFRS 16, no granted stock options, and no cumulative translation differences (as Play Magnus AS had no investments in subsidiaries as of the transition date).

IFRS to NGAAP differences

In adopting IFRS as of 1 January 2019 with a transition date of 1 January 2018, the following differences from NGAAP to IFRS were identified and taken into account during the conversion for the balance sheet dates of 1 January 2018 and 31 December 2019 as well as the time periods of 2018 and 2019.

1. Equity – under NGAAP the losses were netted into the share premium. This is not allowed under IFRS, and the accumulated losses have been reclassified as retained earnings.
2. Revenue from contracts with customers – Under NGAAP, Play Magnus AS recognized sales of subscriptions to the platform content through their app at the date of sale. IFRS requires that the pre-payment for the 2 or 3-year subscription periods be deferred and recognized over the time period when the services are delivered. At the date of transition to IFRS, a deferred revenue liability has been recognized against the equity in the amount of unearned revenue. In addition, the Google and Apple fees were netted against sales revenue in the NGAAP financial statements; this is not allowed under IFRS. The Google and Apple fees are now shown gross as part of Course content and subscription sales expenses in the statement of comprehensive income.
3. Play Magnus AS entered into a lease agreement during 2018 that was within scope for IFRS 16 recognition of the lease liability and right-of-use asset. Under NGAAP this lease was recognized as an operating lease with the expense recognized in the income statement at the time of the cash payments.
4. Stock options were granted to five key employees/consultants on 1 August 2019 and accounted for in accordance with IFRS 2 Share-based Compensation. Under NGAAP compensation expense related to these stock options was not recognized in the profit or loss statement. The stock options are equity-settled and the expense is therefore recognized as a component of shareholders' equity.
5. As of 1 January 2018, Play Magnus AS had recognized under NGAAP a deferred tax asset for tax loss carryforwards. Upon transition to IFRS, this deferred tax asset was reversed against equity as the recognition could not be supported within the IFRS accounting rules.
6. The transaction costs incurred during 2019 in connection with both the United Mind Sports Limited and Chessable acquisitions were capitalized in the Play Magnus AS balance sheet under NGAAP as part of the investment. Under IFRS, transaction costs are required to be expensed when incurred.
7. The equity contingent consideration in connection with the acquisition of Chessable in August 2019 was not recognized under NGAAP. This has been recognized in the 2019 IFRS financial statements.

8. The convertible loan was recognized under NGAAP as a loan in the amount of NOK 16 723 289. Under IFRS, the convertible loan has an equity component that is required to be recognized, in the amount of NOK 285 714. Under IFRS the interest expense for the loan is greater than under NGAAP by NOK 149 823. See note 7 for additional details related to the convertible loan accounting under IFRS.
9. Under NGAAP the amortization policy for intangible assets was 3 years, and the amortization period did not begin until the next fiscal year after the costs were capitalized. Under IFRS this accounting policy was changed, effective at the transition date of 1 January 2018, to be an amortization period of 5 years and the amortization period began in the same month as the month the costs were capitalized. This policy has been adopted across all the group entities.

The following tables show the NGAAP to IFRS reconciliations for the conversion as of 1 January 2018 opening balances and 31 December 2019 end of period balances, as well as the NGAAP-IFRS adjustments for the income statements for 2018 and 2019.

Reconciliation of assets, equity, and liabilities

IFRS differences at date of transition 1 January 2018	IFRS adjustment #	31.12.2017 NGAAP (NOK)	IFRS adjustment (NOK)	IFRS (NOK)
ASSETS				
TOTAL NON-CURRENT ASSETS				
Deferred tax assets	5	3 990 312	-3 955 142	35 170
Intangible assets		11 327 402	-	11 327 402
TOTAL NON-CURRENT ASSETS		15 317 714	-3 955 142	11 362 572
TOTAL CURRENT ASSETS				
Accounts receivable		210 811	-	210 811
Other current assets		1 719 322	-	1 719 322
Cash and cash equivalents		4 547 745	-	4 547 745
TOTAL CURRENT ASSETS		6 477 878	-	6 477 878
TOTAL ASSETS		21 795 592	-3 955 142	17 840 450
EQUITY AND LIABILITIES				
EQUITY				
Share capital		130 349	-	130 349
Share premium	1	17 457 430	9 293 736	26 751 166
Retained earnings	1	-	-13 401 793	-13 401 793
TOTAL EQUITY		17 587 779	-4 108 057	13 479 722
LIABILITIES				
Non-current portion of deferred revenue	2	-	43 887	43 887
Total non-current liabilities		-	43 887	43 887
TOTAL EQUITY AND LIABILITIES				
Accounts payable		290 372	-	290 372
Other current liabilities		3 917 442	-	3 917 442
Current portion of deferred revenue		-	109 028	109 028
Total current liabilities		4 207 814	109 028	4 316 842
TOAL EQUITY AND LIABILITIES		21 795 593	-3 955 142	17 840 451

		31.12.2019		
IFRS differences at last date of NGAAP balance sheet for Play Magnus AS 31 December 2019	IFRS adjustment #	NGAAP (NOK)	IFRS adjustment (NOK)	IFRS (NOK)
ASSETS				
Deferred tax assets	5	5 941 708	-5 941 708	-
Intangible assets	9	10 020 290	3 849 562	13 869 852
Tangible and right-of-use assets	3	-	3 378 741	3 378 741
Investment in subsidiaries	6, 7	161 893 598	12 502 136	174 395 734
Loans to group companies		8 619 780	-	8 619 780
TOTAL NON-CURRENT ASSETS		186 475 376	13 788 731	200 264 107
Accounts receivable		388 466	-	388 466
Other current assets	2	362 353	64 967	427 320
Cash and cash equivalents		12 927 610	-	12 927 610
TOTAL CURRENT ASSETS		13 678 429	64 967	13 743 396
TOTAL ASSETS		200 153 805	13 853 698	214 007 503
EQUITY AND LIABILITIES				
EQUITY				
Share capital		277 392	-	277 392
Share premium	1	164 497 751	28 213 678	192 711 429
Retained earnings	1	-	-35 277 412	-35 277 412
Other components of equity	4, 7, 8	-	15 672 903	15 672 903
TOTAL EQUITY		164 775 143	8 609 169	173 384 312
LIABILITIES				
Non-current portion of deferred revenue	2	-	163 447	163 447
Non-current financial liabilities	3	-	2 593 224	2 593 224
Deferred tax liabilities	2, 3	-	479 260	479 260
Total non-current liabilities		-	3 235 931	3 235 931
Accounts payable		579 979	-	579 979
Liabilities payable to group companies		22 664	-	22 664
Other current liabilities	9	2 449 447	993 602	3 443 049
Current portion of deferred revenue	2	-	411 391	411 391
Other current financial liabilities	3, 7	15 564 249	778 532	16 342 781
Convertible loan	8, 9	16 723 289	-135 892	16 587 397
Total current liabilities		35 339 628	2 047 633	37 387 261
TOAL EQUITY AND LIABILITIES		200 114 771	13 892 733	214 007 504

Reconciliation of profit (loss)

		31.12.2018		
IFRS differences 2018	IFRS adjustment #	NGAAP (NOK)	IFRS adjustment (NOK)	IFRS (NOK)
INCOME STATEMENT				
Revenue from customers	2	5 432 826	-737 707	4 695 119
Total operating revenue		5 432 826	-737 707	4 695 119
Course content and subscription sales expenses	2	-	690 065	690 065
Employee benefit expenses		2 706 602	-	2 706 602
Share based compensation expense		-	-	-
Depreciation and amortization	3, 9	4 040 783	-1 272 551	2 768 232
Other operating expenses	3, 6	8 115 141	319 360	8 434 501
Total operating expenses		14 862 526	-263 126	14 599 400
Financial income		-50 894	-	-50 894
Financial expenses	3	60 172	43 182	103 354
Financial income (expense), net		9 278	43 182	52 460
Tax expense	2, 3, 5	-1 951 396	1 803 847	-147 549
Profit (loss)		-7 487 582	-2 321 610	-9 809 192

		31.12.2019		
IFRS differences 2019	IFRS adjustment #	NGAAP (NOK)	IFRS adjustment (NOK)	IFRS (NOK)
INCOME STATEMENT				
Revenue from customers	2	5 465 746	2 463 486	7 929 232
Total operating revenue		5 465 746	2 463 486	7 929 232
Course content and subscription sales expenses	2	-	1 305 709	1 305 709
Employee benefit expenses		2 782 065	-	2 782 065
Share based compensation expense	4	-	637 969	637 969
Depreciation and amortization	3, 9	5 186 321	-1 042 974	4 143 347
Other operating expenses	3, 6	8 277 353	1 289 922	9 567 275
Total operating expenses		16 245 739	2 190 626	18 436 365
Financial income		-135 821	-	-135 821
Financial expenses	3, 8	788 185	280 121	1 068 306
Financial income (expense), net		652 364	280 121	932 485
Tax expense	2, 3, 5	-	626 806	626 806
Profit (loss)		-11 432 357	-634 067	-12 066 424

Play Magnus Group

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To the General Meeting of Play Magnus AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Play Magnus AS, which comprise:

- The financial statements of the parent company Play Magnus AS (the Company), which comprise the statements of financial position as at 31 December 2020, the statements of comprehensive income, statements of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Play Magnus AS and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at 31 December 2020, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year 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 International Financial Reporting Standards as adopted by the EU.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year 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

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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 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 and using 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.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisionsberetninger>



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.

Oslo, 27 April 2021
PricewaterhouseCoopers AS

Øystein B. Sandvik
State Authorised Public Accountant

(This document is signed electronically)

Revisjonsberetning

Signers:

Name	Method	Date
Sandvik, Øystein Blåka	BANKID_MOBILE	2021-04-27 18:01

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