

Play Magnus AS

Annual Report 2021



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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

chessable

<> Meltwater
**CHAMPIONS
CHESS TOUR**

chess24[®]

MAGNUS
CHESS ACADEMY

PLAY MAGNUS
APP SUITE

Aimchess

iChess.net

NEW IN CHESS

GingerGM

EVERYMAN CHESS

2021 IN REVIEW



Jan - Mar 2021

Expanded content library through acquisitions of New In Chess, Ginger GM and Everyman Chess



May 2021

Completed acquisition of Aimchess, a chess analytics service powered by AI



Aug 2021

Completed acquisition of Silver Knights Chess Academy (rebranded to Magnus Chess Academy in March 2022)



Dec 2021

Magnus Carlsen defends World Championship title for fifth time amidst record viewership for chess



Jan 2021

Meltwater announced as Title Partner of the Meltwater Champions Chess Tour



Mar 2021

Received additional \$8.3M from exercise of all warrants from the Series B financing round of February 2020



Jul 2021

Launched Chessable Classroom during Chessable Masters tournament of the Tour



Sep 2021

2021 Final concludes the first full season of the Tour which saw new partners including Mastercard, the first pure NFT trophy in sports, and record-breaking viewership



Dec 2021

Finished 2021 with full year results of 164% bookings growth Y/Y and 172% revenue growth Y/Y

KEY FIGURES



FY 2021 BOOKINGS

\$24.5M

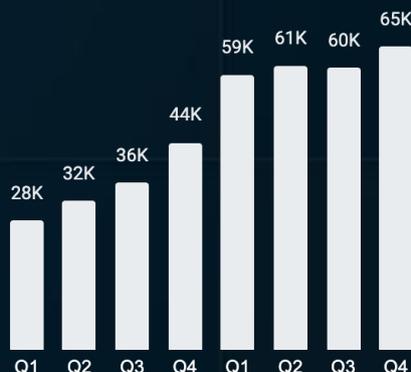
164% Y/Y



Q4 2021 AVG MONTHLY PAYING USERS

64.6K

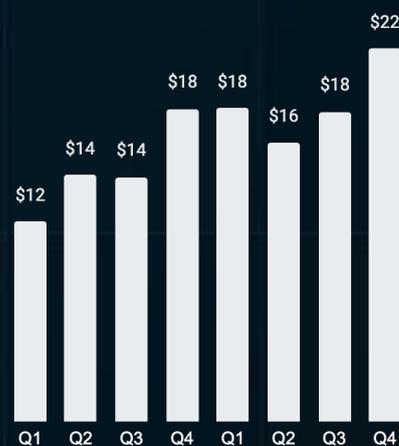
46% Y/Y



Q4 2021 AVG ARPPU

\$21.9

19% Y/Y



115M

Live broadcast views of the Meltwater Champions Chess Tour in 2021

283K

Peak concurrent viewers of the Meltwater Champions Chess Tour in 2021 (during Opera Euro Rapid)

\$6M

Total prizes and course revenue shares paid out to chess players and content creators in 2021 by PMG

109%

Growth of Courses bookings FY 2021 Y/Y

1,300+

Digital courses published by PMG companies to date

MANAGEMENT TEAM



Andreas Thome

Chief Executive Officer

Play Magnus Group since 2017



Arkus Fredriksson

Chief Strategy Officer

Play Magnus Group since 2016



Myriam Ben Farhat

VP, People & Culture

Play Magnus Group since 2020



Scott Dodson

Chief Marketing Officer

Play Magnus Group since 2021



Arne Horvei

Tour Director

Play Magnus Group since 2014



Dmitri Shneider

Chief Financial Officer

Play Magnus Group since 2019



David Kramaley

Chief Operating Officer

Chessable since 2015, Play Magnus Group since 2019



Sebastian Kuhnert

Chief Business Development Officer

chess24 since 2017, Play Magnus Group since 2019



Tatiana Guarconi

Chief Information Officer

Play Magnus Group since 2021



Geert van der Velde

CEO, Chessable

Chessable since 2018, Play Magnus Group since 2019



CEO STATEMENT

ANDREAS THOME
Chief Executive Officer

2021 was a transformative year of growth for Play Magnus Group as we built on the momentum from 2020. Across the two areas of Play Magnus Group’s leading ecosystem of products and services in elearning and esports, we saw significant numbers of new users, fans and partners join the chess community as part of our mission to introduce more people to play, watch, learn and make a living from chess. Chessable continued to expand its position as the leading platform for chess improvement, while the Champions Chess Tour had a successful launch of its first full season, establishing itself as the most relevant professional online chess circuit. At the same time, Play Magnus Group acquired five companies to expand our content library, add new platforms, and enter new verticals such as the scholastic market. On top of all of this, our key ambassador and co-founder, Magnus Carlsen, won his fifth classical World Championship title, cementing his place as one of the greatest chess players of all time.

On behalf of everyone at Play Magnus Group, I would like to congratulate Magnus for his historic victory. Magnus is our co-founder and top shareholder, our most important ambassador, most active player in our Tour and supports our partnerships as well as other content and critical activities. However, perhaps most importantly, he’s an inspiration for the chess community, and our own employees who work tirelessly to grow the popularity of chess.



Play Magnus Group financials reflected the hard work of all of our people and the progress that we’ve achieved in 2021 as bookings grew to USD \$24.5M, up 164% YoY in 2021, vastly ahead of guidance at the beginning of the year of USD \$14M-\$16M. It is exciting to see the Financial Times recognize the efforts of our employees and stakeholders, naming us the #27 fastest growing overall, and #1 company in the gaming segment in Europe over the past three years. Going into 2022, while additional macroeconomic uncertainties are on the rise, Play Magnus Group will continue to deliver innovative products and services that bring joy and learning to the chess community.

	1000 EUROPE'S FASTEST GROWING COMPANIES 2022
	#1 GAMING #27 OVERALL

A key driver of the growth of Play Magnus Group in 2021 was the Meltwater Champions Chess Tour. While we had high hopes for the Tour when it launched in November 2020, by all accounts the expectations were greatly exceeded by both the quality of the product, especially the broadcast from the Oslo studio, but also the reception that it has received from fans, players and partners. Over 283,000 people tuned in to the Opera Euro Rapid, the third event of the Tour, which held the record for peak concurrent viewership for chess on online streaming platforms until the end of 2021 when 613,000 viewers tuned in for the World Championship match. The Tour achieved 115 million live views on online streaming platforms and nearly 30 million hours watched. In media and social media, the Tour attracted over 7,500 news articles and 172,000 social posts for a combined reach of over 32 billion. The Tour has affirmed its place as the leading online circuit in chess with an emphasis on top players, rising stars, exciting formats and leading prizes as well as being optimized for partners to associate with the sport as more brands see the value of chess.

In 2021, brands moved into chess in a significant way. Several of the biggest companies in the world have used chess in their product launches, fashion lines and advertisements, including Louis Vuitton, Sony and McDonalds, and various high-profile celebrities and influencers have been public about enjoying playing our wonderful game with their friends and family. In a landmark partnership, Mastercard became a partner of the Meltwater Champions Chess Tour in the fall of 2021. In addition,



throughout 2021, we were fortunate to have great partners such as TV 2, NRK, Skilling, Airthings, Julius Baer, Opera, Meltwater, Aker BioMarine, Breakthrough Initiatives, FTX, Goldmoney, Mastercard, MU.ST Group, and Concordium that have supported the Champions Chess Tour.

The Play Magnus Group ecosystem focuses on esports and elearning. They complement each other well as once someone learns how to play and starts to enjoy playing and watching matches, many will naturally want to improve their game. In the realm of elearning, Chessable, the leading platform for chess improvement, continued to have rapid growth, nearly doubling its registered base of users who enjoyed an ever-expanding catalog of content from the world's best players and coaches. Chessable published hundreds of courses, including several authored by players in the current top 10, top juniors, and award-winning coaches. Play Magnus Group also signed on key content creators such as Judit Polgar and Simon "Ginger GM" Williams, who created courses and other content for the Group.

In 2021, thanks to Chessable publishing hundreds of courses and the acquisitions of leading publishers New in Chess and Everyman Chess, Play Magnus Group formed the largest digital content library in the industry. We are proud of the quality and quantity of content on our platforms and will work hard to continue to provide a world class learning library for our users going forward.



While content has been a core focus, similarly important has been the continuing innovation and improvement of our suite of edtech tools for users to consume content and learn in an effective way. In early 2021, Chessable launched its mobile app on iOS and Android which provides users an even more efficient way of consuming Chessable courses. In the summer of 2021, Chessable unveiled its Chessable Classroom platform, which delivers a suite of tools for online chess lessons and activities including a live video of a multi-user, synced online chess classroom with an interactive board. We are proud to say that the FIDE Chessable Academy, co-organized by FIDE, the world chess federation, and Chessable, which consists of the world’s leading coaches and most talented juniors, have been using the Chessable Classroom for their lessons,

along with other coaches and academies. Much more is on the way in 2022 that will allow for a better learning experience and more personalized content on Chessable. Personalization of content and training is a focus area and in 2021 Play Magnus Group acquired Aimchess, a chess analytics startup powered by AI that delivers personalized insights and training exercises based on users’ historical games.

One of the key goals of Play Magnus Group is to ensure that all children, wherever they are, can have access to a quality chess education offering. In addition to launching the Chessable Classroom as the first step towards this goal, in August 2021, we took a bigger step with the acquisition of the chess programs of Silver Knights, a leading US scholastic chess education provider which has taught over 100,000 kids since

inception. This entity has been rebranded to Magnus Chess Academy and will spearhead Play Magnus Group’s efforts in the scholastic market. It will also absorb activities related to CoChess in relation to the live lesson offerings.

In 2021, Play Magnus Group began closely following the innovation in web3 to understand the potential for



chess and our activities. During the second half of 2021 Play Magnus Group began its initiatives in this vertical, starting with an NFT collection tied to the best moments, players, and tournaments of the Meltwater Champions Chess Tour. During the Tour Final in September, Play Magnus Group auctioned a single copy of the first ever pure NFT trophy for a professional sports event which was awarded to Magnus Carlsen after his 2021 Tour victory. Play Magnus Group is continuing to take a leading position in web3 for chess, partnering with multiple crypto and web3 companies including FTX, Animoca Brands, MU.ST Group, Concordium and NEAR Foundation.

As we start 2022, we now see increased uncertainty as online traffic is impacted by the return to normal after covid-19, macroeconomic challenges related to factors such as inflation and rise in interest rates, as well as the Russian invasion of Ukraine. In response to the invasion, Play Magnus Group has organized multiple charitable fundraisers including making the second tournament of the Tour the 'Charity Cup' together with UNICEF to raise funds and awareness for those in need. Management is carefully assessing areas that may have the most potential challenges and will take actions as necessary to mitigate these factors. While it is difficult to make predictions of the impact of these challenges, we have high conviction that more people will continue to play, watch and learn chess and the opportunity in our market segments remains substantial.

Throughout 2021, Play Magnus Group continued to add new hires, filling out key roles in its management and product teams in 2021. We expect the pace of hiring to

stabilize in 2022. Play Magnus Group's ambition is to reach over a \$100 million bookings run-rate by the end of 2025, and achieve an EBITDA break-even run-rate by the end of 2022. In pursuit of profitability, Play Magnus Group is further aligning costs to growth areas of the business, simplifying its corporate structure and improving its systems and processes which management believes should result in more efficient operations and reduced costs over the coming years.

It is an exciting time for chess and Play Magnus Group is well positioned to maintain and grow its leading ecosystem in the chess industry. We are focused on growing the Tour, increasing the quality of the formats, and expanding the distribution, as well as growing our elearning business by increasing the quantity and quality of content and improving the tools and products used to consume them. We are excited to have a bigger impact in the scholastic chess scene and to explore new areas such as web3. Play Magnus will continue to deliver innovative products and services that encourage users to play, watch, learn, and make a living from chess.

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. Chess is recognized by the United Nations as a sport that offers important opportunities in the implementation of its Sustainable Development Goals. These include strengthening education, realizing gender equality and the empowerment of women and girls, fostering inclusion, tolerance, mutual understanding, and respect. In 2021, beyond the Group’s core initiatives, Play Magnus Group supported a number of initiatives to promote social impact in chess.

Scholastic Initiatives

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

According to a survey from the Group’s 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.

Beginning in 2020, chess24 began organizing the World Online School Chess Tournament, which featured over 2,000 participants representing nearly 300 schools from 54 countries. Together with the Spanish Pavilion of the Expo Dubai 2020, the tournament culminated in a final event that brought together finalists from all over the world and coincided with the World Chess Championship at the end of 2021.



To promote access to education in Africa, Chessable supports Chess in Slums which aims to empower impoverished children in the Nigerian slums of Lagos through chess education. The Group provides chess courses created by some of the top players in the world for free and an online chess learning environment that allows teachers to connect with students around the world. In addition, Chessable is supporting Chess in Slums in their fundraising efforts and providing additional resources and financial support.

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. While approximately 11% of the full FIDE database of rated players are female, filtering for those born after 2000 shows approximately 19% of players are female.

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 remains the only woman to have broken into the top 10 players in the world — reaching the number 8 spot in 2004. She joined Play Magnus Group in 2021 as an ambassador to support and promote more female participation in chess through our newly-launched Challengers Chess Tour and beyond.

In 2021, Play Magnus Group launched the Challengers Chess Tour with the mission to promote gender balance in chess and provide talented young players with access to top level mentors. The Challengers

Chess Tour was shortlisted for the ESG Award in 2021 for improving gender equality.

Diversity and Employee Well-Being

Play Magnus Group is taking steps to increase gender diversity in its internal hiring practices, and since 2020 increased the percentage of female team members from 18% to 28%. The Company’s global team includes members of over 30 nationalities with different cultural and ethnic backgrounds. Play Magnus Group strongly respects and supports diversity.

Play Magnus Group invested in building an in-house mentoring program to support employees with skills training, physical health, and any other personal challenges they seek support for. Over 500 hours of coaching sessions were hosted to more than 100 employees in 2021. Out of 46 managers at Play Magnus Group, 16 are female (35%) and Play Magnus Group endeavors to continue coaching and promoting more females into leadership roles in 2022 and beyond.



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 to make a living from their contributions.

Play Magnus AS is the parent company of Play Magnus Group and was admitted to Euronext Growth, a multilateral trading facility operated by the Oslo Stock Exchange, in October 2020. Play Magnus Group is a global company headquartered in Oslo, Norway. As of year-end 2021, the company teams were predominantly based in Norway, United Kingdom, Spain, Germany, USA, Poland and the Netherlands.

Review of the consolidated financial statements

Play Magnus Group's consolidated financial statements follow the International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU).

On the 29th of January 2021, Play Magnus Group acquired the publishing company Interchess B.V., operator of New In Chess, which is included in the consolidated statements since the date of the acquisition. On the 24th of February 2021, Play Magnus Group acquired the educational chess

company Ginger GM Ltd, operator of Ginger GM, which is included in the consolidated statements since the date of the acquisition.

On the 2nd of March 2021, Play Magnus Group acquired the publishing company Gloucester Publishers Ltd, operator of Everyman Chess, which is included in the consolidated statements since the date of the acquisition.

On the 14th of May 2021, Play Magnus Group acquired the educational chess business Aimchess from Coachevnik OU. The business is operated by a new entity Aimchess by PMG AS, and is included in the consolidated statements since the date of the acquisition.

On the 30th of August 2021, Play Magnus Group acquired the educational chess business from Silver Knights Enrichment. The business is operated by a new entity Silver Knights Chess LLC, and is included in the consolidated statements since the date of the acquisition.

Consolidated operating revenue for the financial year 2021 was USD 21.5 million compared to USD 7.9 million for the financial year 2020, representing 172% growth with increases across all operating segments. Pro-forma growth was 160% with 2020 at USD 8.7 million, which includes the revenue from iChess prior to the acquisition date of 1 December 2020.

Operating expenses for the financial year 2021 were USD 41.1 million whereof share-

based compensation expense and related payroll taxes and contingent consideration accounted for USD 0.8 million. Tour prizes accounted for USD 1.5 million. EBITDA for the financial year 2021 was USD -14.5 million compared to USD -11.2 million for 2020. After adjusting for share-based compensation expense and related payroll taxes, acquisition related expenses, EBITDA represented USD -13.8 million for the financial year 2021 compared to USD -5.1 million for the financial year 2020.

Depreciation and amortization expenses for the financial year 2021 were USD 5.1 million, compared to USD 3.1 million for the financial year 2020. For the financial year 2021, the Group had on a consolidated basis net financial expenses of USD 0.4 million, compared to USD 1.5 million for the financial year 2020. The decrease in net 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, and as of year-end 2021 was mostly situated in Norwegian Krone, the functional currency of Play Magnus, and US Dollars with the majority of the rest of the balance in Euros and British Pounds.

Play Magnus Group had assets of USD 54.7 million as of 31 December 2021. Non-current assets were USD 30.0 million whereof goodwill and intangible assets accounted for USD 26.8 million. Current assets were USD 24.7 million whereof cash and cash equivalents represented USD 20.3 million. Non-current liabilities were USD 3.7 million. Current liabilities at the end of 2021 were USD 8.8 million whereof deferred revenue represented USD 2.9 million. The majority of the deferred

revenue is related to subscriptions and Tour partnership revenue invoiced or received but not yet recognized. The equity ratio for Play Magnus Group as of 31 December 2021 was 77.3%.

The liquidity for Play Magnus Group is strong with a cash balance of USD 20.3 million as of 31 December 2021.

Cash flow from operations was USD -13.0 million for the financial year 2021, cash flow from investing activities was USD -9.4 million, of which USD -0.4 million was related to the iChess acquisition, USD -2.4 million was related to the Interchess acquisition, USD -0.3 million was related to the Ginger GM acquisition, USD -1.5 million was related to the Gloucester Publishers acquisition, USD -0.3 million was related to the Aimchess acquisition, USD -2.0 million was related to the Silver Knights Chess acquisition and USD -2.2 million related to investments in tangible and intangible assets, of which USD -2.0 million were capitalized employee and consultant fees.

Cash flow from financing activities was USD 7.8 million, primarily related to the exercise of warrants that were granted to shareholders in the Series B financing round in February of 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 was NOK 46.5 million for the financial year 2021 compared to NOK 14.0 million for the financial year 2020. Operating result for the financial year 2021 was NOK -63.3 million.

Total equity for the parent company was NOK 577.3 million as of 31 December 2021.

Allocation of net profit in the parent company

The parent company Play Magnus AS recorded a net loss of NOK 57.4 million for the financial year 2021. 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 loss in 2021 which has been consistent with forecasts and business plan given its growth strategy. Additionally, there have been a number of acquisitions with financing and adviser fees throughout the year which have led to sizable cash outflows, which are expected to be much less in size going forward. The company expects operating losses to narrow in 2022.

Impact of covid-19 on operations

Management believes that Play Magnus Group has not been negatively impacted by the pandemic over the course of the 2020 and 2021 calendar years. The business model of the Group is based on online products, services and experiences and online activity saw accelerated growth in the first half of 2021 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 the impact of covid-19 on operations has been normalizing since the second half of 2021 and that Play Magnus Group is well positioned for a post-pandemic environment over the coming years.

Impact of Russia's attack on Ukraine in 2022

In February 2022, Russian armed forces invaded Ukraine. This has caused the fastest growing humanitarian crisis in Europe since the Second World War. Play Magnus Group condemns the attack and in response to the ongoing situation, the Champions Chess Tour in partnership with UNICEF held a charity tournament in March 2022, named the Charity Cup and raised over USD 150,000 for those in need. Play Magnus Group also has initiated other activities raising funds for organizations such as the Norwegian Refugees Council. Play Magnus Group has no employees in Ukraine. The Group uses the services of a small number of consultants who are based in Russia. The company has no planned activities or future projects in neither Russia nor Ukraine. Management is handling this event and its development proactively and is taking actions to mitigate any potential risks.

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 as well as key Tour partners, 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 exchange rate 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 currently holds no material long-term borrowings or 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 continues to maintain a strong financial position. Net cash from

operating activities in 2021 was USD -13.0 million as Play Magnus Group pursued its strategy of investing and growth. With a cash balance of USD 20.3 million and equity ratio of 76.3% as of 31 December 2021, as well as an additional USD 10 million of cash that was added in January 2022 with the investment by Breakthrough Initiatives Limited, 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 the 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.

Inflation risk

Inflation risks are starting to increase with uncertainty related to how transitory the recent rises are. Factors such as increased labor costs, increased costs due to less efficient supply chains, rise of commodity prices are all potential detractors. Management believes the main risk to Play Magnus Group is related to labor cost inflation, as its exposure to commodities and supply chains is a relatively insignificant portion of costs and revenues and mostly

are contained within its print books divisions. Play Magnus Group is carefully assessing these risks and believes impact could be mitigated via increased automation, as well as price increases given the strength of its product portfolio.

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.

In 2021, 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 "Ginger GM" Williams to long-term deals.

Directors and Officers liability insurance

Play Magnus AS has purchased a Directors and Officers liability insurance. The limit of liability in the aggregate is NOK 50 million.

Equal opportunities

At the end of 2021, Play Magnus Group had 234 full time equivalent employees and consultants, of which 28% 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.

In 2021, Play Magnus Group organized the Challengers Chess Tour, which was a tournament of an equal number of talented young male and female players, and which was shortlisted for the ESG Award in 2021 for improving gender equality.

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 56.6 million common shares and more than 3,800 shareholders as of year-end 2021. 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. The Group's suite of learning tools helps kids develop their skills from beginner to master and beyond. In 2021, beyond the Group's core initiatives, Play Magnus Group is supporting a number of non-profit partners, both within chess and beyond, including Chess in the Schools, US Chess School, FIDE Chess Academy, and has added more partners such as Chess in Slums in 2022.

Outlook 2022 and events after the end of the financial year

2021 was an exciting year for the chess industry and Play Magnus Group as we experienced significant growth and launched new business lines and products across out elearning and entertainment areas.

In 2021, Play Magnus Group successfully ran the first edition of the Champions Chess Tour with participation from most of the world's top players, building on the Magnus

Carlsen Invitational in 2020. In 2021, Play Magnus Group also launched innovative new events such as the Challengers Chess Tour which focused on the next generation of talented young male and female players. The Tour has been able to attract the support of many partners, the quantity and quality of which has grown significantly since inception and is expected to grow further in 2022. In 2022, Play Magnus Group will continue to refine, experiment and innovate with the Tour, in its ambition to grow it to the level of other professional sports.

Play Magnus Group also has continued to execute on its elearning strategy of bringing leading content to users in a format that makes it more fun and efficient to improve. Play Magnus Group has continued to improve its products, both new and existing, while at the same time expanding the content library organically, as well as via the acquisitions of leading chess publishers New In Chess and Everyman Chess.

2022 has started off with increased uncertainty as online traffic is impacted by the return to normal after covid-19, macroeconomic challenges related to factors such as inflation and rise in interest rates, as well as the Russian attack on Ukraine. While it is difficult to make predictions of the impact of these macroeconomic factors, management has high conviction that more people will continue to play, watch and learn chess. With that said, management is carefully assessing areas that may have most potential impact and will take actions as necessary to mitigate these factors. Throughout 2021, Play Magnus Group also continued to add key employments, filling out key roles in its management and product teams. Management expects the pace of

hiring to stabilize in 2022. Play Magnus Group also continues to simplify its corporate structure and improve its systems and processes which management believes should result in more efficient operations and reduced costs over the coming years.

The strong growth was helped by significant investment in 2021 and with the private placement of USD 10 million from the Breakthrough Initiatives in January 2022, management believes there's a strong cash balance to support operations until profitability can be reached.

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 25th, 2022

The Board of Directors of Play Magnus AS

DocuSigned by:

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Anders Brandt
Chairman

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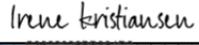
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Henrik Albert Carlsen
Board member

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Patrick Sandahl
Board member

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Espen Agdestein
Board member

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Irene Kristiansen
Board member

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Nils Lorenz Lensch-Franzen
Board member

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Jens Hilgers
Board member

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Leonid Solovyev
Board member

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Andreas Thome
CEO

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Play Magnus Group Consolidated Financial Statements

Consolidated statements of comprehensive income

Amounts in USD thousands (except per share amounts)	Note	2021	2020
Revenue from customers	9, 10	21 505	7 902
Total operating revenue		21 505	7 902
Course content and subscription sales expenses		4 442	1 812
Tournament prize expenses		1 522	1 412
Employee benefit expenses	11, 12	10 692	2 437
Share-based compensation expense	13	681	2 811
Consultancy fees		10 509	4 037
Other operating expenses	21	8 083	3 319
Depreciation, amortization and impairment	15, 23	5 080	3 088
Equity funding transaction expenses	21	-	2 360
Loss on contingent consideration	6	77	882
Total operating expenses		41 087	22 156
Operating profit (loss)		-19 583	-14 255
Financial income	22	624	196
Financial expenses	22	990	1 677
Financial income (expense), net		-366	-1 481
Profit (loss) before tax		-19 948	-15 735
Tax expense	20	1 135	604
Profit (loss)		-18 813	-15 132
Other comprehensive income			
<i>Items that will be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		-141	131
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation to USD presentation currency		-874	3 238
Total		-1 014	3 369
Total comprehensive income		-19 827	-11 763
Earnings per share/diluted earnings per share	25	-0.35	-0.40

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

Consolidated statements of financial position

ASSETS

Amounts in USD thousands	Note	31.12.2021	31.12.2020
Deferred tax assets	6, 20	55	7
Goodwill	6, 14	8 745	7 041
Intangible assets	15	18 010	15 000
Tangible and right-of-use assets	23	3 090	1 024
Non-current financial assets	16	52	51
TOTAL NON-CURRENT ASSETS		29 952	23 123
Inventory	7	1 128	-
Other current assets		1 636	1 216
Other current financial assets	16	400	240
Accounts receivable	17	1 272	227
Cash and cash equivalents	18	20 278	35 276
TOTAL CURRENT ASSETS		24 714	36 959
TOTAL ASSETS		54 666	60 082

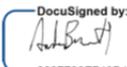
EQUITY AND LIABILITIES

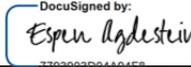
Amounts in USD thousands	Note	31.12.2021	31.12.2020
Share capital		64	61
Share premium		78 540	71 906
Treasury shares		-453	-
Retained earnings		-40 897	-23 474
Other components of equity		5 004	4 164
TOTAL EQUITY		42 258	52 657
Non-current financial liabilities	27	2 457	816
Non-current portion of deferred revenue	10	511	332
Deferred tax liabilities	20	683	1 322
Total non-current liabilities		3 650	2 470
Current portion of deferred revenue	10	2 380	1 287
Accounts payable		2 047	1 052
Taxes payable	20	116	1
Other current financial liabilities	27	1 141	216
Other current liabilities	19	3 076	2 399
Total current liabilities		8 759	4 955
TOTAL LIABILITIES		12 409	7 425
TOTAL EQUITY AND LIABILITIES		54 666	60 082

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

Oslo, April 25th, 2022

The Board of Directors of Play Magnus AS

DocuSigned by:

 8837728E748D434
 Anders Brandt
 Chairman

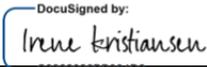
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 Espen Agdestein
 Board member

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 Jens Hilgers
 Board member

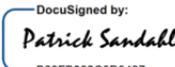
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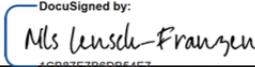
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 Henrik Albert Carlsen
 Board member

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 Irene Kristiansen
 Board member

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 Leonid Solovyev
 Board member

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 Patrick Sandahl
 Board member

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 Nils Lorenz Lensch-Franzen
 Board member

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 Andreas Thome
 CEO

Consolidated statements of cash flows

Amounts in USD thousands	Notes	2021	2020
Operating activities			
Profit (loss) before tax		-19 948	-15 735
Paid taxes	20	-32	-5
Depreciation	23	693	217
Amortisation of intangible assets	15	4 386	2 871
Share based compensation expense	13	681	1 610
Items classified as investing or financing activities		395	121
Gain (loss) on contingent consideration	27	77	882
<i>Working capital adjustments:</i>			
Changes in inventories	7	-90	-
Changes in accounts receivable		-215	-103
Changes in financial assets		-162	18
Changes in other current assets		-344	-1 061
Changes in deferred revenue		680	812
Changes in accounts payable		403	838
Changes in other current liabilities		507	1 026
Net cash provided from operating activities		-12 967	-8 509
Investing activities			
Investments in tangible and intangible assets	15, 23	-2 224	-2 315
Payment of contingent consideration, Chessable		-	-2 497
Payment for acquisition of iChess LLC, net of cash acquired	6	-400	55
Payment for acquisition of Interchess BV, net of cash	6	-2 387	-
Payment for acquisition of Ginger GM Ltd, net of cash	6	-272	-
Payment for acquisition of Gloucester Publishers Ltd, net of cash	6	-1 548	-
Payment for acquisition of Aimchess, net of cash	6	-348	-
Payment for acquisition of Silver Knights Chess, net of cash	6	-1 999	-
Transaction expenses acquisitions		-261	-85
Net cash used in investing activities		-9 438	-4 841
Financing activities			
Issuance of new shares		8 289	45 620
Transaction expenses related to issuance of new shares		-	-394
Repayment of convertible loan		-	-952
Interest payment on convertible loan		-	-68
Principal elements of lease payments	23	-396	-164
Interest paid on lease agreements	23	-134	-36
Net cash provided by (used in) financing activities		7 760	44 006
Foreign currency effects on cash and cash equivalents		-354	2 473
Net increase (decrease) in cash and cash equivalents		-14 999	33 129
Cash and cash equivalents at the beginning of year		35 276	2 147
Cash and cash equivalents at end of year	18	20 278	35 276

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

Consolidated statements of changes in equity

Amounts in USD thousands	Share capital	Share premium	Treasury shares	Other components of equity	Translation differences reserves ¹⁾	Retained earnings	Total equity
Total equity 01.01.2020	32	21 948	-	1 838	-31	-7 063	16 724
Profit / (-) loss for the period	-	-	-	-	-	-15 132	-15 132
Other comprehensive income that will be recycled	-	-	-	-	131	-	131
Other comprehensive income that will not be recycled	3	4 384	-	131	-	-1 280	3 238
Total comprehensive income for the period	3	4 384	-	131	131	-16 411	-11 763
<i>Transactions with owners and their capacity as owners:</i>							
Employee stock option expense	-	-	-	1 410	-	-	1 410
Share consideration iChess LLC acquisition, not registered	-	-	-	385	-	-	385
Contingent equity consideration Chessable Ltd	1	-	-	-	-	-	1
Capital increase in private placement 1	10	13 739	-	300	-	-	14 049
Capital increase in private placement 2	15	32 177	-	-	-	-	32 192
Transaction expenses related to private placements	-	-394	-	-	-	-	-394
Exercise of warrants	-	53	-	-	-	-	53
Total equity 31.12.2020	61	71 906	-	4 064	100	-23 474	52 657
Total equity 01.01.2021	61	71 906	-	4 064	100	-23 474	52 657
Profit / (-) loss for the period	-	-	-	-	-	-18 813	-18 813
Other comprehensive income that will be recycled	-	-	-	-	-141	-	-141
Other comprehensive income that will not be recycled	-2	-2 152	12	-122	-	1 391	-874
Total comprehensive income for the period	-2	-2 152	12	-122	-141	-17 422	-19 827
<i>Transactions with owners and their capacity as owners:</i>							
Employee stock option expense	-	-	-	681	-	-	681
Share consideration Ginger GM Ltd acquisition, not registered	-	-	-	213	-	-	213
Share consideration Aimchess by PMG AS acquisition, not registered	-	-	-	115	-	-	115
Share consideration Silver Knights Chess LLC acquisition, not registered	-	-	-	502	-	-	502
Exercise of warrants	5	8 376	-	-	-	-	8 381
Acquisition of Interchess BV	-	-	-465	-	-	-	-465
Share consideration iChess LLC acquisition	-	409	-	-409	-	-	-
Total equity 31.12.2021	64	78 540	-453	5 044	-41	-40 897	42 258

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 listed on Euronext Growth Oslo, a multilateral trading facility (MTF) operated by Euronext. Play Magnus Group's corporate headquarters are in Oslo, Norway.

Play Magnus AS is the owner of the Play Magnus apps and the parent company of the following brands: Chessable, chess24, Champions Chess Tour, New In Chess, Everyman Chess, iChess, Ginger GM, Aimchess, Magnus Chess Academy (formerly Silver Knights) and CoChess. The Group is a global leader in the chess industry, with market-leading positions in the elearning 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 2021 were approved by the Board on 25 April 2022.

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 2021. 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 USD thousands. 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 six acquisitions completed during 2020 and 2021, 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 1 December 2020 for iChess LLC, 29 January 2021 for Interchess BV, 24 February 2021 for Ginger GM Ltd, 2 March 2021 for Gloucester Publishers Ltd, 14 May 2021 for Aimchess by PMG AS, and 30 August 2021 for Silver Knights Chess LLC.

Note 3 Significant Accounting Policies

The following description of accounting principles applies to Play Magnus Group's 2021 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.

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

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 observes 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. 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. There may be contingent consideration due to current employees of acquired companies over the next year should certain financial targets be met and which are categorized under operational expenses. Play Magnus Group has ample cash to support operations and liabilities, no investments in equity securities, and does not use financial derivatives as of 31 December 2021.

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 cash balance in the company as of 31 December 2021 was mostly situated in Norwegian Krone and US Dollars with the majority of the rest of the balance in Euros and British Pounds.

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 thousands

Currency	Change in exch. rate	Impact 2021	Impact 2020
USD	+/- 10%	499	514
GBP	+/- 10%	868	1 041
EUR	+/- 10%	201	649

Capital management

Management believes that Play Magnus Group is in a growth phase and intends to invest in hiring and in 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 with no intention of using debt until the company is more profitable. 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 2021 include the fair value of the shares issued as consideration, the identification and fair value of the acquired intangible assets and inventories. These are all discussed below in the specific relevant section.

Acquisition of Interchess BV

On 29 January 2021 Play Magnus AS acquired 100% of Interchess BV. Interchess is a chess publisher based in the Netherlands that controls the New In Chess brand. In addition to publishing chess books, Interchess is known for its flagship chess periodical with readers in 116 countries. The purchase consideration was USD 3 494 557 paid in cash.

<i>Purchase consideration:</i>	USD thousands
Cash paid	3 495
Total purchase consideration	3 495

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

<i>Amounts in USD thousands</i>	<i>Fair value as of acquisition date</i>
Fixed assets	18
Cash	1 116
Trade receivables	552
Other current assets	76
Shares in Play Magnus AS	465
Deferred tax asset	36
Inventory	556
Brand - New In Chess	516
Publishing rights	667
Customer relationships	516
Total assets	4 519
Trade creditors	443
Deferred revenue	594
Other short-term liabilities	331
Deferred tax on excess values	311
Total Liabilities	1 679
Net identifiable assets	2 840
Goodwill	655
Total consideration for the shares	3 495
Of which cash	3 495
Of which equity	-

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

Interchess is a leading chess publisher with a sizable library of chess content comprising books, ebooks and magazine subscriptions. It is also the operator of the well-known New In Chess magazine, to which most of the world's top players contribute to on a regular basis. Having been around since 1984, the New In Chess brand is well established with a strong reputation for delivering quality chess content both in its magazine as well as via its books. It is estimated to have one of the leading market shares in book sales amongst chess publishers and its titles are consistently in the top rankings of Amazon sales. Management estimates the value of the New In Chess brand to be USD 516 000.

Interchess has built up a leading library of content having published approximately 200 titles, with 42 of them having been digitized and sold on Chessable as of year-end 2021. Interchess is one of the Chessable's largest suppliers of content, and benefits as the Chessable platform continues to grow. Interchess also publishes the iconic New In Chess magazine which has accumulated significant IP with pictures and other original content throughout the years. Management estimates the value of this intellectual property, content and publishing rights to be USD 667 000.

Customer relationships. Interchess has built up various relationships with loyal customers, geographically skewed towards Europe and the United States. There were approximately 7 000 paying subscribers to the New In Chess magazine and New In Chess Yearbook at the time of acquisition. Management estimates the value to be USD 516 000 based on existing and future cash flows from the New In Chess magazine and buyers of chess books.

Inventory value is estimated to be at USD 556 000. This is based on the number of titles in stock and the capitalized cost to produce these titles.

Acquisition of Ginger GM Ltd

On 24 February 2021, Chessable Ltd acquired 100% of Ginger GM Ltd. Ginger GM Ltd is a UK-based chess content and technology company that operates the websites www.gingergm.com and www.gchess.com. Ginger GM primarily sells chess courses and is founded and run by the well-known international grandmaster Simon Williams (whose nickname is *Ginger GM*). The website has approximately 30 courses that can be downloaded upon purchase. Ginger GM has also been developing a chess learning technology platform that allows users to create a database of games and look up their favorite opening or chess games. The purchase consideration was USD 533 492, split into a cash consideration of USD 320 000 and 69 283 shares in Play Magnus AS equivalent to USD 213 492 at the time of acquisition.

<i>Purchase consideration:</i>	USD thousands
Cash paid	320
Ordinary shares issued	213
Total purchase consideration	533

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

<i>Amounts in USD thousands</i>	<i>Fair value as of acquisition date</i>
Cash	51
Fixed Assets	2
Website/mobile technology - gChess	71
Brand - GingerGM	313
Content/licenses	141
Customer relationships	141
Total assets	718
Non-current liabilities	51
Other short-term liabilities	8
Deferred tax on excess values	126
Total Liabilities	185
Net identifiable assets	533
Goodwill	-
Total consideration for the shares	533
Of which cash	320
Of which equity	213

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

Ginger GM is primarily a website that sells chess courses. The website has approximately 30 courses that can be downloaded upon purchase, with many done by Simon Williams (*Ginger GM*) himself but also by other authors.

At time of acquisition, Ginger GM has also been developing a chess learning technology platform called gChess that allows users to look up their favourite openings or games and create a database. Management believes the Ginger GM brand is the largest individual asset of the Ginger GM entity given that it's widely associated with the founder and creator, Simon Williams. Management assigned a value of USD 313 000 given potential sales from current and future customers.

Ginger GM has approximately 30 courses and management valued this content at USD 141 000 based on estimated value of future sales.

Ginger GM has developed numerous customer and partner relationships and management valued this at USD 141 000 given potential from future sales.

The gChess technology was very early in its development when Ginger GM was acquired. Management valued the technology at USD 71 000 based on the estimated fair market value of the cost of developing the site today.

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

The value of the Ginger GM acquisition was agreed between the contracting parties to be approximately USD 533 492 with an initial consideration of USD 320 000 in cash and USD 213 492 in shares. The value of the shares was agreed to be NOK 26.00, which was the market value at the closing date.

Acquisition of Gloucester Publishers Ltd

On 2 March 2021 Chessable Ltd acquired 100% of Gloucester Publishers Ltd. Gloucester Publishers Ltd is a UK-based chess publishers that operates the brand Everyman Chess. At the time of acquisition, Gloucester Publishers had a catalog of approximately 400 books, including books by award-winning authors such as Yasser Seirawan and Garry Kasparov. 21 of the books were already digitized for the Chessable platform. The purchase consideration was USD 2 089 203, with an initial cash consideration of USD 1 742 681 and an additional contingent cash consideration based on various incentive targets of USD 346 522.

<i>Purchase consideration:</i>	USD thousands
Cash paid	1 743
Contingent consideration (fair value at date of acquisition)	347
Total purchase consideration	2 089

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

<i>Amounts in USD thousands</i>	<i>Fair value as of acquisition date</i>
Cash	187
Other current assets	1
Accounts receivable	283
Inventory	488
Brand - Everyman Chess	314
Publishing rights	419
Customer relationships	314
Total assets	2 005
Trade creditors	152
Other short-term liabilities	296
Deferred tax on excess values	263
Total Liabilities	711
Net identifiable assets	1 295
Goodwill	795
Total consideration for the shares	2 089
Of which cash	2 089
Of which equity	-

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

Gloucester Publishers is a leading chess publisher with a sizable library of chess content comprising books and ebooks. It was founded in the 1940s as Pergammon Chess and its imprints include Cadogan Chess and Everyman Chess, under which it operates currently. The brand has longevity and Everyman Chess published some of the most well-known titles in chess history, including by multiple popular World Champions. Management estimates the value of the Everyman Chess brand to be USD 314 000.

Everyman Chess has built up a leading library of content having published approximately 400 titles, with 20 of them having been digitized and sold on Chessable as of year-end 2021. Importantly, the content library has some of the most well-known titles in chess literature, including the *Play Winning Chess* series by Grandmaster Yasser Seirawan, *My Greatest Predecessors* series by World Champion Garry Kasparov and *Life and Games of Mikhail Tal* by World Champion Mikhail Tal. Everyman Chess is one of the Chessable's largest suppliers of content, and benefits as the Chessable platform continues to grow. Management estimates the value of this intellectual property and content at USD 419 000.

Customer relationships. Everyman Chess has built up various relationships with loyal customers, geographically skewed towards Europe and the United States. At the time of acquisition USD 314

000 is the estimated value of customer relationships based on existing and future cash flows from purchases of its print and ebooks.

Inventory value is estimated to be at USD 488 000. This is based on the number of titles in stock and the capitalized cost to produce these titles.

Contingent consideration Gloucester Publishers Ltd

The contingent consideration maximum payout is GBP 370 000 (USD 470 996) upon Gloucester Publishers meeting the agreed-upon key performance metrics for the fiscal year 2021. The contingent consideration will primarily be measured based on gross profit performance. Based on probabilities management estimated that the discounted expected value of the contingent consideration was GBP 248 350 (USD 346 522) at the time of acquisition. As of 31 December 2021, management's expected value for the contingent consideration was GBP 293 951 (USD 396 212). The contingent consideration was settled at GBP 295 000 and will be paid in Q2 2022.

Acquisition of Aimchess

On 14 May 2021 Play Magnus AS acquired all assets and liabilities in the Aimchess business in an asset purchase agreement. The assets and liabilities were transferred from an Estonian entity to a new Norwegian entity Aimchess by PMG AS. The transaction qualifies as a business combination in accordance with IFRS 3. Aimchess is an innovative chess website and app focused on helping chess players improve through analytics from their own games. The concept behind the learning is that the users upload their games from one of the major chess playing sites such as chess24.com, lichess.com or chess.com and receive instant feedback on their strengths and weaknesses. Unique lessons are created by a team of grandmasters and coaches. The purchase consideration was USD 484 934, with a cash consideration of USD 370 000 and an additional consideration of 60 107 shares in Play Magnus AS with a value of USD 114 934 at the time of acquisition.

<i>Purchase consideration:</i>	USD thousands
Cash paid	370
Ordinary shares issued	115
Total purchase consideration	485

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

<i>Amounts in USD thousands</i>	<i>Fair value as of acquisition date</i>
Cash	22
Website/mobile technology - AimChess	485
Total assets	507
Other short-term liabilities	22
Total Liabilities	22
Net identifiable assets	485
Goodwill	-
Total consideration for the assets	485
Of which cash	370
Of which equity	115

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

Aimchess is an innovative chess website focused on helping chess improvers use analytics from their games to improve at chess.

The concept behind the learning is that a user uploads their games from one of the major playing chess sites such as Lichess or Chess.com and shortly after the Aimchess algorithm provides instant feedback on the strengths and weaknesses of the user. Afterwards, Aimchess provides personalized puzzles built from the user's mistakes and unique lessons that are created by a team of grandmasters and coaches. The value of the technology is estimated based on the fair market value cost of developing the site today.

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

The value of the Aimchess acquisition was agreed between the contracting parties to be approximately USD 484 934 with an initial consideration of USD 370 000 in cash and USD 114 934 in shares. The value of the shares was agreed to be NOK 15.78, which was the market value at the closing date.

Acquisition of Silver Knights Chess

On 30 August 2021 Play Magnus Group acquired the chess education business of Silver Knights Enrichment LLC in an asset purchase agreement. The assets and liabilities were transferred to a new US entity, Silver Knights Chess LLC, fully owned by Play Magnus USA, Inc., a subsidiary of Play Magnus AS. The transaction was considered a business combination in accordance with IFRS 3. Silver Knights Chess is a leading chess education provider, offering after-school chess

teaching services, chess camps, tournaments, as well as an online subscription offering service. Silver Knights Chess has been around since 2006 and has taught chess to approximately 100 000 children.

The purchase consideration was USD 2 501 838, with a cash consideration of USD 2 000 000 and an additional consideration of 221 973 shares in Play Magnus AS with a value of USD 501 838 at the time of acquisition.

<i>Purchase consideration:</i>	USD thousands
Cash paid	2 000
Ordinary shares issued	502
Total purchase consideration	2 502

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

<i>Amounts in USD thousands</i>	<i>Fair value as of acquisition date</i>
Course Materials/IP	200
Brand - Silver Knights	200
Customer relationships	1 600
Total assets	2 000
Other short-term liabilities	-
Total Liabilities	-
Net identifiable assets	
Goodwill	502
Total consideration for the assets	2 502
Of which cash	2 000
Of which equity	502

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

Silver Knights Chess is a leading chess education provider, offering after-school chess teaching services, chess camps, tournaments as well as an online subscription offering service. They have been around since 2006 and have taught approximately 100 000 kids and have led teams to win numerous scholastic titles in the state and nationally.

Pre-covid, they were in approximately 300 schools with a peak of nearly 5 000 kids in their programs and activities annually, with a major portion of these customers returning as covid normalizes. We allocate USD 1 600 000 to customer relationships.

Silver Knights have taught in the Virginia area for over a decade and have a significant market share of eligible school programs in the state. The Silver Knights name is known locally and signifies quality chess instruction and activities. It is amortized over a three-year period as Silver Knights is rebranding to Magnus Chess Academy though will keep the Silver Knights name locally for a potentially longer period for a transition. Management allocated USD 200 000 to the brand value of Silver Knights.

The intellectual property of Silver Knights consists mainly of several internal curriculum textbooks that Silver Knights has created over the course of over 15 years of teaching chess to children. Management allocated USD 200 000 to intellectual property.

The rest is allocated towards goodwill given potential synergies of Silver Knights with the rest of Play Magnus Group, and its brand, technology and marketing resources.

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

The value of the Silver Knights Chess acquisition was agreed between the contracting parties to be approximately USD 2 501 838 with a consideration of USD 2 000 000 and USD 501 838 in shares in Play Magnus AS. The value of the shares was agreed to be NOK 19.60, which was the market value at the closing date.

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

Related to the acquisitions presented above and completed during 2021, for accounting purposes the Play Magnus consolidated statement of comprehensive income only includes revenues (and related expenses) as from the date of the acquisitions. This is as of 29 January 2021 for Interchess BV, 24 February 2021 for Ginger GM Ltd, 2 March 2021 for Gloucester Publishers Ltd, 14 May 2021 for Aimchess and 30 August 2021 for Silver Knights Chess. Relevant information is as follows:

Pro-forma figures

- The revenue and loss, respectively, of the combined Play Magnus Group for the current reporting period (2021) 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 22 748 thousand and USD 18 632 thousand.
- The revenue and the loss, respectively, for the Interchess acquisition since the acquisition date of 29 January 2021 in the consolidated accounts was USD 2 441 thousand and USD 61 thousand.

- The revenue and the loss, respectively, for the Ginger GM acquisition since the acquisition date of 24 February 2021 in the consolidated accounts was USD 115 thousand and USD 30 thousand.
- The revenue and the profit, respectively, for the Gloucester Publishers acquisition since the acquisition date of 2 March 2021 in the consolidated accounts was USD 810 thousand and USD 364 thousand.
- The revenue and the loss, respectively, for the Aimchess acquisition since the acquisition date of 14 May 2021 in the consolidated accounts was USD 162 thousand and USD 256 thousand.
- The revenue and the loss, respectively, for the Silver Knights Chess acquisition since the acquisition date of 30 August 2021 in the consolidated accounts was USD 466 thousand and USD 178 thousand.

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 thousands
Cash paid	400
Ordinary shares issued	385
Contingent consideration (fair value at date of acquisition)	174
Total purchase consideration	959

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

<i>Amounts in USD thousands</i>	
Cash	55
Trade receivables	16
Brand - iChess	121
Content/Licenses	486
Customer relationships	607
Total assets	1 285
Trade creditors	-
Public duties payable	-
Other short-term liabilities	71
Deferred tax on excess values	255
Total Liabilities	326
Net identifiable assets	959
Goodwill	0
Total consideration for the shares	959
Of which cash	574
Of which equity	385

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 486 000. 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 was USD 200 000 upon iChess meeting the agreed-upon key performance metrics for the fiscal years of 2021 and 2022. The contingent consideration was to be measured and paid in two installments, each worth USD 100 000. Management estimated at the date of acquisition that there was a 99% probability that the first installment would be paid and a 99% probability that the second installment would 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. As of 31 December 2021, iChess had reached the target for the first installment of the contingent consideration, and USD 100 000 was paid in February 2022. Management's expectation for iChess meeting the targets for the second installment remains unchanged. The revaluation of the contingent consideration gave a loss on contingent consideration of USD 16 109 for 2021.

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.

Note 7 Inventories

Accounting policies for inventories

Inventories are valued at the lower of cost, using the weighted average cost formula, or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and selling costs. Inventory write-downs to net realizable value occurs when the cost of the inventory is not recoverable, and is reversed in later periods if there is clear evidence of an increase in the net realizable value.

<i>Amounts in USD thousands</i>	31.12.2021	31.12.2020
Opening balance	-	-
Acquisition of Interchess BV	556	-
Acquisition of Gloucester Publishers	488	-
Net change to inventories from operations	90	-
Foreign currency translation effect	-6	-
Total inventories	1 128	-

All inventories consist of chess books in Interchess BV and Gloucester Publishers Ltd.

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 thousands</i>	Category	31.12.2021	31.12.2020
Financial assets			
Non-current financial assets	FAAC	52	51
Current financial assets	FAAC	400	240
Accounts Receivable	FAAC	1 272	227
Cash and cash equivalents	FAAC	20 278	35 276
Total financial assets		22 002	35 794

<i>Amounts in USD thousands</i>	Fair value level	Category	31.12.2021	31.12.2020
Financial liabilities				
Non-current financial liabilities		FLAC	2 366	637
Accounts payable		FLAC	2 047	1 052
Current financial liabilities		FLAC	645	216
Non-current financial liabilities	3	FVTPL	91	179
Current financial liabilities	3	FVTPL	496	-
Total financial liabilities			5 644	2 083

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 as well as Ginger GM. Ebooks sold by Interchess and Gloucester Publishers are also identified as courses. Additionally, live lessons and courses by Magnus Chess Academy (previously known as Silver Knights Chess) are categorized under Courses.

Subscriptions: Play Magnus Group subscription revenue includes fees associated with the Play Magnus apps, chess24, Chessable, Aimchess, New In Chess and Magnus Chess Academy (previously known as Silver Knights Chess) memberships and subscriptions. gChess and iChess also offer subscriptions but the contribution is not considered to be material. The memberships of each entity provide a different set of features related to elearning content and entertainment. Most of the subscriptions are digital, aside from New In Chess which derives most of its subscription revenue from print. The general 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.

Other revenue: Revenues from print books published by New In Chess and Everyman Chess comprise the majority of the Other category. The rest is mostly from ad revenue on chess24 as well as major entertainment platforms such as YouTube and Twitch. Play Magnus App Suite has in-app purchases which are included in the Other category, with the contribution being considered immaterial.

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 IFRS revenue from customers and bookings

	2021		
<i>Amounts in USD thousands</i>	IFRS	Bridge	Bookings
Courses	9 696		9 696
Deferred revenue of courses - current portion		92	92
Subscriptions	4 442		4 442
Deferred subscription revenue recognized in period		-1 077	-1 077
Deferred revenue of subscriptions - current portion		1 605	1 605
Deferred revenue of subscriptions - non current portion		179	179
Deferred revenue from acquisitions		-594	
Foreign currency translation effect		57	57
Tour revenue and partnerships	4 453		4 453
Deferred tour revenue and partnership recognized in period		-210	-210
Deferred revenue tour and partnerships - current portion		683	683
Contracted bookings that have not yet been invoiced*		2 454	2 454
Foreign currency translation effect		-217	-217
Other revenue	2 914		2 914
Deferred other revenue recognized in period		-10	-10
Foreign currency translation effect		6	6
Revenue from contracts with customers	21 505	2 967	24 472

	2020		
<i>Amounts in USD thousands</i>	IFRS	Bridge	Bookings
Courses	3 787		3 787
Subscriptions	2 516		2 516
Deferred subscription revenue recognized in period		-716	-716
Deferred revenue of subscriptions - current portion		1 077	1 077
Deferred revenue of subscriptions - non current portion		332	332
Foreign currency translation effect		-134	-134
Tour revenue and partnerships	975		975
Deferred revenue tour and partnerships - current portion		210	210
Contracted bookings that have not yet been invoiced*		641	641
Foreign currency translation effect		-50	-50
Other revenue	623		623
Deferred other revenue recognized in period		-10	-10
Foreign currency translation effect		6	6
Revenue from contracts with customers	7 902	1 357	9 258

* This comes from the change in contracted fees which have not been invoiced at the end of the financial year. 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, books, chess classes 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 as well as Ginger GM. Ebooks sold by Interchess and Gloucester Publishers are also identified as courses. Additionally, live lessons and courses by Magnus Chess Academy (previously known as Silver Knights Chess) are categorized under Courses.

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 7.5-8%, with majority of the refunds coming within two weeks. As of year-end 2021, the refund accrual was considered to be not significant in amount. iChess and Ginger GM offer a 30-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, Chessable, Aimchess, New In Chess and Magnus Chess Academy (previously known as Silver Knights Chess) memberships and subscriptions. gChess and iChess also offer subscriptions but the contribution is not considered to be material. The memberships of each entity provide a different set of features related to elearning 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 sales of printed books by New In Chess and Everyman Chess, advertising revenue from chess24 as well as major entertainment platforms such as YouTube and Twitch. Play Magnus App Suite has in-app purchases which are included in the Other category, with the contribution being considered immaterial.

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. There are also additional content costs in the form of royalties to authors of New In Chess and Everyman Chess based on the sales of their print and ebooks.

Play Magnus Group also has subscription related costs that it pays to Apple and Google, primarily in its Play Magnus App Suite and Chessable offerings that are sold via those channels.

Revenue is only recognized from the acquisition date that iChess, New In Chess (Interchess BV), Ginger GM, Everyman Chess (Gloucester Publishers), Aimchess and Magnus Chess Academy (previously known as Silver Knights Chess) 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 thousands</i>	2021	2020
Courses	9 696	3 787
Subscriptions	4 442	2 516
Tour revenue and partnerships	4 453	975
Other revenue	2 914	623
Revenue from contracts with customers	21 505	7 902

At a point in time revenue recognition

<i>Amounts in USD thousands</i>	2021	2020
Courses	9 345	3 787
Subscriptions	-	-
Tour revenue and partnerships	-	-
Other revenue	2 914	613
Total at a point in time revenue recognition	12 259	4 400

Over time revenue recognition

<i>Amounts in USD thousands</i>	2021	2020
Courses	351	-
Subscriptions	4 442	2 516
Tour revenue and partnerships	4 453	975
Other revenue	-	10
Total over time revenue recognition	9 246	3 502

Deferred revenue

<i>Amounts in USD thousands</i>	2021	2020
Revenue recognized in this period that was included in the deferred revenue balance at the beginning of the period.		
Subscriptions	1 077	716
Tour revenue and partnerships	210	-
Other revenue	-	10
Total revenue recognized	1 287	726

<i>Amounts in USD thousands</i>	31.12.2021	31.12.2020
Current portion of deferred revenue		
Courses	92	-
Subscriptions	1 605	1 077
Tour revenue and partnerships	683	210
Total current portion of deferred revenue	2 380	1 287

<i>Amounts in USD thousands</i>	31.12.2021	31.12.2020
Non-current portion of deferred revenue		
Subscriptions	511	332
Tour revenue and partnerships	-	-
Other revenue	-	-
Total non-current portion of deferred revenue	511	332

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 thousands</i>	2021	2020
Salaries	10 037	3 293
Social security costs	1 450	568
Other personnel related costs	188	77
Pension expense	53	19
Total employee benefit expenses	11 728	3 957
Less capitalized personnel costs	1 036	1 520
Total employee benefit expenses	10 692	2 437
Average number of FTEs	135.0	45.0

* 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.

The Director's remuneration for 2021 shows the payment for the 2020 term, which was approved by the annual general meeting and paid in 2021. The Director's remuneration for 2020 shows the payment for the 2019 term, which was approved by the annual general meeting and paid in 2020. The Director's remuneration for 2021 that will be paid in 2022 has not yet been formally approved.

Payments to Board of Directors

<i>Amounts in USD (except for share ownership)</i>	Director's remuneration paid in 2021	Director's remuneration paid in 2020	Shares 2021*	Shares 2020*
Anders Brandt, Chair ¹⁾	11 830	11 192	1 319 000	1 225 000
Henrik Albert Carlsen ²⁾	11 830	11 192	5 088 157	4 950 480
Patrick Sandahl, ³⁾	-	-	5 088 000	3 819 500
Espen Agdestein, ⁴⁾	-	-	1 050 000	1 050 000
Irene Kristiansen, ⁵⁾	-	-	14 000	-
Nils Lorenz Lensch-Franzen, ⁶⁾	-	-	5 000	-
Jens Hilgers, ⁷⁾	-	-	-	-
Enrique Guzman Hinojosa, ⁸⁾	11 830	11 192	4 964 620	4 964 620
Charles Stonehill, ⁹⁾	11 830	11 192	60 000	60 000
Lars-Henrik Björn Schwabe, ¹⁰⁾	11 830	11 192	-	-
Marco Pasetti Bombardella, ¹¹⁾	11 830	-	-	-
Stanley Franklin Buchthal, ¹²⁾	11 830	-	2 536 900	2 536 900
Total	82 810	55 960	20 125 677	18 606 500

* 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.
- 2) Henrik Albert Carlsen owns shares through MagnusChess AS and represents them on the Board of Directors.

- 3) Patrick Sandahl represents Investinor Direkte AS on the Board of Directors.
- 4) Espen Agdestein owns shares through Espen Agdestein AS and represents them on the Board of Directors from 9 June 2021.
- 5) Irene Kristiansen owns shares through Spira Finans AS and represents them on the Board of Directors from 9 June 2021.
- 6) Nils Lorenz Lensch-Franzen has been on the Board of Directors since 9 June 2021.
- 7) Jens Hilgers has been on the Board of Directors since 9 June 2021.
- 8) Enrique Guzman Hinojosa owns shares through LT Holdings Ltd and represented them on the Board of Directors until 9 June 2021. LT Holdings Ltd is controlled by Guzman Hinojosa.
- 9) Charles Stonehill was on the Board of Directors until 9 June 2021. Stonehill holds 150 000 share options.
- 10) Lars-Henrik Björn Schwabe represented LT Holdings Ltd on the Board of Directors until 9 June 2021.
- 11) Marco Pasetti Bombardella represented LT Holdings Ltd on the Board of Directors until 9 June 2021.
- 12) Stanley Franklin Buchthal represented Cape Capital Holdings AG and Lapis Ventures SAC Ltd on the Board of Directors until 9 June 2021.

Payments to key personnel

	2021						Direct and indirect share ownership at 31 December 2021	Options outstanding as of 31 December 2021
	Salary / consultancy fee	Bonus / consultant incentive remuneration	Pension benefit	Other remuneration	TOTAL remuneration			
<i>Amounts in USD (except for share ownership)</i>								
Andreas Thome, CEO ¹⁾	257 343	234 735	-	-	492 078	79 300	1 800 000	
Dmitri Shneider, CFO ²⁾	176 150	56 516	-	-	232 665	640 000	250 000	
David Kramaley, COO ³⁾	177 927	-	-	-	177 927	1 066 200	350 000	
Arkus Fredriksson, CSO ⁴⁾	146 443	45 213	-	-	191 656	-	350 000	
Sebastian Kuhnert, Chief Business Development Officer ⁵⁾	159 264	-	-	-	159 264	7 650	600 000	
Myriam Ben Farhat, VP of People & Culture ⁶⁾	84 620	22 606	-	-	107 227	-	20 000	
Geert van der Velde, VP of Content, CEO of Chessable ⁷⁾	170 567	16 955	-	13 250	200 772	-	150 000	
Arne Horvei, Tour Director ⁸⁾	157 080	13 488	-	-	170 567	44 900	50 000	
Tatiana Guarconi, CIO ⁹⁾	122 017	11 206	-	-	133 223	-	25 000	
Scott Dodson, CMO ¹⁰⁾	88 102	22 606	-	18 087	128 795	-	150 000	
Gerald Tan, CPO ¹¹⁾	241 555	47 932	1 815	-	291 302	27 200	350 000	
Total	1 781 067	471 256	1 815	31 338	2 285 476	1 865 250	4 095 000	

	2020						Direct and indirect share ownership at 31 December 2020	Options outstanding as of 31 December 2020
	Salary / consultancy fee	Bonus / consultant incentive remuneration	Pension benefit	Other remuneration	TOTAL remuneration			
<i>Amounts in USD (except for share ownership)</i>								
Andreas Thome, CEO ¹⁾	229 064	55 029	-	-	284 093	44 300	1 800 000	
Dmitri Shneider, CFO ²⁾	130 255	29 813	-	-	160 068	611 100	250 000	
David Kramaley, CTO ³⁾	156 967	29 813	970	-	187 750	1 021 200	350 000	
Arkus Fredriksson, CSO ⁴⁾	126 587	23 850	-	-	150 437	-	350 000	
Gerald Tan, CPO ¹¹⁾	32 082	-	289	-	32 371	27 200	350 000	
Sebastian Kuhnert, Chief Business Development Officer ⁵⁾	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 has been employed by Chessable Spain SL since November 2020. He was previously a consultant via the consulting company Polar Star Thome SL. His remuneration for 2021 includes bonus payments for 2020 and 2021, both paid in 2021. If his 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.
- 2) Dmitri Shneider is the Chief Financial Officer of Play Magnus Group. He is also the Chief Operating Officer of Chessable Ltd. He has been employed by Chessable Spain SL since February 2021. Before that he was hired as a consultant with Play Magnus AS.

- 3) David Kramaley is the Chief Operating Officer of Play Magnus Group since June 2021. He was previously Chief Technology Officer of the group and CEO of Chessable Ltd (until October 2021). He has been employed by Chessable Spain SL since August 2020. Before that he was employed by Chessable Ltd. He has a non-compete agreement of one-year post termination of his contract. He received a bonus of EUR 50 000 for 2021 which was paid out in 2022.
- 4) Arkus Fredriksson is the Chief Strategy Officer of Play Magnus Group and is also the Chief Operations Officer of chess24. He has been employed by Chessable Spain SL since July 2020. Before that he was a consultant with Play Magnus AS.
- 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 in 2020 is related to a cash settlement of 600 000 share options exercised in 2020.
- 6) Myriam Ben Farhat is the VP of People and Culture of Play Magnus Group. She is employed by Chessable Spain SL. She received an additional 30 000 options in January 2022.
- 7) Geert van der Velde is the VP of Content of Play Magnus Group. Since October 2021 he has also been the CEO of Chessable Ltd. He is employed by Chessable Spain SL since February 2021 and was previously employed by Chessable Ltd. He received an additional 50 000 options in January 2022.
- 8) Arne Horvei is the Tour Director of Play Magnus Group. He is a consultant with Play Magnus AS and is compensated via his consulting company Horvei Kommunikasjon AS. He received an additional 125 000 options in January 2022.
- 9) Tatiana Guarconi is the Chief Information Officer of Play Magnus Group. She is a consultant with Chessable Ltd.
- 10) Scott Dodson is the Chief Marketing Officer of Play Magnus Group since August 2021. He is employed by Chessable Spain SL.
- 11) Gerald Tan was the Chief Product Officer of Play Magnus Group and CEO of chess24 until March 2022. He was employed by Chessable Ltd and joined the company in November 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.

No options were exercised during 2021 and 86 667 were forfeited. In 2020, 933 550 options were exercised, and 101 250 options forfeited.

Components of share-based expenses

Components of share-based expenses in income statement

<i>Amounts in USD thousands</i>	2021	2020
Share-based compensation	826	2 661
Provision for social security benefit taxes	(145)	150
Total share-based compensation expenses	681	2 811

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

	2021	
	Average exercise price per share option	Number of options
1 January 2021	NOK 12.39	4 545 000
Granted during the year	NOK 24.37	1 203 181
Exercised during the year	-	-
Forfeited during the year	NOK 20.31	86 667
31 December 2021		5 661 514
Vested and exercisable at 31 December 2021	NOK 10.87	3 275 658

	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

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

31 December 2021

Grant date	Expiration date	Average exercise price	Share options granted 31 December 2021
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	406 250
	29 July 2030	NOK 14.60	406 250
Subtotal			1 650 000
7 October 2020	6 October 2028	NOK 21.00	208 339
	6 October 2029	NOK 21.00	200 006
	6 October 2030	NOK 21.00	199 988
Subtotal			608 333
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
25 January 2021	25 January 2026	NOK 34.00	41 493
	25 May 2029	NOK 34.00	41 494
	25 January 2031	NOK 34.00	41 494
Subtotal			124 481
23 February 2021	23 February 2029	NOK 30.00	11 666
	23 February 2030	NOK 30.00	11 667
	23 February 2031	NOK 30.00	11 667
Subtotal			35 000
24 March 2021	24 March 2029	NOK 26.00	134 562
	24 March 2030	NOK 26.00	134 560
	24 March 2031	NOK 26.00	134 578
Subtotal			403 700
26 July 2021	26 July 2026	NOK 21.00	198 330
	26 July 2027	NOK 21.00	198 334
	26 July 2028	NOK 21.00	198 336
Subtotal			595 000
Total			5 661 514

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

Key management and board members share options

Key employee / consultant*	Options held 1 January 2021	Options granted in 2021	Options exercised in 2021	Options forfeited in 2021	Options outstanding 31 December 2021	Options vested and exercisable 31 December 2021
Andreas Thome	1 800 000	-	-	-	1 800 000	1 500 000
Dmitri Shneider	250 000	-	-	-	250 000	125 000
David Kramaley	350 000	-	-	-	350 000	175 000
Arkus Fredriksson	350 000	-	-	-	350 000	287 500
Sebastian Kuhnert	600 000	-	-	-	600 000	600 000
Myriam Ben Farhat	-	20 000	-	-	20 000	-
Geert van der Velde	100 000	50 000	-	-	150 000	50 000
Arne Horvei	50 000	-	-	-	50 000	16 667
Tatiana Guarconi	-	25 000	-	-	25 000	-
Scott Dodson	-	150 000	-	-	150 000	-
Gerald Tan	350 000	-	-	-	350 000	116 667
Charles Stonehill	150 000	-	-	-	150 000	150 000
Total	4 000 000	245 000	-	-	4 245 000	3 020 834

Key employee / consultant*	Options held	Options granted in 2020	Options granted in 2020	Options exercised in	Options forfeited in	Options outstanding	Options vested and exercisable
	1 January 2020	(exercise price of NOK 14.60)	(exercise price of NOK 11.30)	2020	2020	31 December 2020	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

* The amount of the share-based compensation expense allocated to key management and board members is in total USD 422 169 for 2021 and USD 2 227 146 for 2020.

Fair value measurement

The assessed fair value at grant date of options granted during the year ended 31 December 2021 was NOK 2.31 - NOK 8.00, depending on the expiry date of the options (2020: NOK 4.63 - NOK 9.24). 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 2021 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 21.00 - NOK 34.00
- Grant dates: 25 January 2021, 23 February 2021, 24 March 2021, 26 July 2021
- Expiry date: 25 January 2026 – 24 March 2031
- Share price at grant date: NOK 20.13 – NOK 30.62
- 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 Ltd in 2019, Chessable Ltd in 2019, Interchess BV in 2021, Gloucester Publishers Ltd in 2021 and Silver Knights Chess in 2021. As of 31 December 2021, the goodwill was USD 8 744 695 (2020: USD 7 040 854). The increase from 2020 to 2021 is due to new acquisitions and retranslation from NOK and GBP to USD.

The goodwill amounts related to Interchess BV, Gloucester Publishers Ltd and Silver Knights Chess at the date of acquisition were USD 654 835, USD 794 529 and USD 501 838, respectively.

Impairment testing of goodwill

Goodwill from the acquisition of United Mind Sports Ltd is allocated to chess24, goodwill from the acquisition of Chessable Ltd is allocated to Chessable, goodwill from the acquisition of Interchess is allocated to Interchess and Chessable, goodwill from the acquisition of Gloucester Publishers is allocated to Gloucester Publishers and Chessable, and goodwill from the acquisition of Silver Knights Chess is allocated to Silver Knights Chess. 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 2021, 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 30.5% at the beginning of the forecast period and declines to 20% growth in year 5
- Terminal growth rate is 3%
- EBITDA margin improves to 40% in the forecast period
- WACC: 12 %

Chessable:

- Revenue growth rate is 63% at the beginning of the forecast period and declines to 20% growth in year 5
- Terminal growth rate is 3%
- EBITDA margin improves to 36% in the forecast period
- WACC: 12 %

Interchess:

- Revenue growth rate is 8% at the beginning of the forecast period and stay stable through year 5
- Terminal growth rate is 3%
- EBITDA margin improves to 14% in the forecast period
- WACC: 10 %

Gloucester Publishers:

- Revenue growth rate is -15% at the beginning of the forecast period and increases to 5% growth in year 5
- Terminal growth rate is 3%
- EBITDA margin stays stable at 43% in the forecast period
- WACC: 9 %

Silver Knights:

- Revenue growth rate is 60% at the beginning of the forecast period and declines to 40% growth in year 5
- Terminal growth rate is 3%
- EBITDA margin improves to 29% in the forecast period

- WACC: 9 %

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, unless specifically noted, 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.

Website/mobile technology

Play Magnus Group has acquired and developed chess-related website platforms and mobile apps. The biggest assets are the chess24 website and mobile app, products related to the Chessable platform and the Play Magnus mobile applications. Chess24 is one of the biggest chess platforms in the world and was acquired by Play Magnus Group in 2019. Since the acquisition the group has developed and launched a new online playzone and mobile applications for iOS and Android. Chessable consists of the original website and MoveTrainer technology acquired by Play Magnus Group in 2019. Since the acquisition the group has developed and launched a mobile app version of Chessable and has several ongoing development projects. The

Play Magnus mobile applications consist of the original Play Magnus app, Magnus Trainer and Tactics Frenzy.

Courses/content

Since 2019 Play Magnus Group has acquired several key chess companies with a significant volume of intellectual property. The biggest contributors to the group's catalog of courses/content are the acquisitions of Chessable, iChess, Interchess and Gloucester Publishers.

Brand names

In connection with the acquisitions of key chess companies, Play Magnus Group owns several valuable brands. The brands which go into this category are chess24, Chessable, New In Chess, Ginger GM, Everyman Chess, iChess and Silver Knights Chess. The amortization periods span from 2 to 20 years depending on management's expectation for utilization of the assets.

Trademarks

In connection with the acquisition of Chessable, Play Magnus Group received ownership of the MoveTrainer trademark. The MoveTrainer technology 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.

Customer relationships

The customer relationships assets originate from the acquisitions of chess24, Chessable, iChess, Interchess, Ginger GM, Gloucester Publishers and Silver Knights Chess. With the new highly popular technology platforms and services, the group also acquired a loyal base of chess fans. All customer relationships are amortized over 5 years from the date of acquisition.

	Website/ mobile technology	Courses/ content	Brand names	Trademark	Customer relationships	Total
Balance 01.01.2021	8 266	2 672	3 735	647	5 968	21 288
Acquisition cost 29.01.2021 Interchess BV	-	667	516	-	516	1 699
Acquisition cost 24.02.2021 Ginger GM Ltd	71	141	313	-	141	666
Acquisition cost 02.03.2021 Gloucester Publishers Ltd	-	419	314	-	314	1 046
Acquisition cost 14.05.2021 Aimchess by PMG AS	485	-	-	-	-	485
Acquisition cost 31.08.2021 Silver Knights Chess LLC	-	200	200	-	1 600	2 000
Additions	1 009	-	-	-	-	1 009
Disposals	-	-	-	-	-	-
Capitalized employee benefit expense	1 037	-	-	-	-	1 037
Foreign currency translation effect	-283	-113	-140	-24	-191	-749
Acquired cost 31.12.2021	10 585	3 987	4 937	624	8 348	28 480
Balance 01.01.2021	3 244	644	376	183	1 841	6 288
Amortization	1 460	761	381	128	1 469	4 199
Impairment	188	-	-	-	-	188
Accumulated amortization on disposals	-	-	-	-	-	-
Reduction amort. because of unearned Skattefunn	82	-	-	-	-	82
Foreign currency translation effect	-138	-36	-18	-10	-84	-286
Accumulated amortization and impairment 31.12.2021	4 835	1 370	739	301	3 226	10 471
Carrying value 31.12.2021	5 750	2 617	4 199	322	5 122	18 010
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 01.01.2020	5 832	2 124	3 531	626	5 225	17 339
Acquisition cost 01.12.2020 iChess LLC	-	486	121	-	607	1 214
Additions	621	-	-	-	-	621
Disposals	-	-	-	-	-	-
Capitalized employee benefit expense	1 520	-	-	-	-	1 520
Foreign currency translation effect	293	63	83	21	136	594
Acquired cost 31.12.2020	8 266	2 672	3 735	647	5 968	21 288
Balance 01.01.2020	1 880	197	153	52	746	3 028
Amortization	1 156	411	199	118	988	2 871
Accumulated amortization on disposals	-	-	-	-	-	-
Reduction amort. because of unearned Skattefunn	78	-	-	-	-	78
Foreign currency translation effect	130	36	25	13	108	312
Accumulated amortization 31.12.2020	3 244	644	376	183	1 841	6 288
Carrying value 31.12.2020	5 022	2 028	3 359	464	4 127	15 000
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

<i>Amounts in USD thousands</i>	31.12.2021	31.12.2020
Deposits	106	-
Current portion of withheld revenue	210	240
Total other current financial assets	316	240

Non-current financial assets

<i>Amounts in USD thousands</i>	31.12.2021	31.12.2020
Deposits	84	-
Non-current portion of withheld revenue	52	51
Total non-current financial assets	137	51

Other financial assets consist of security deposits and withheld revenue in Logical Thinking Ltd. Logical Thinking Ltd 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 Ltd 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.

	31.12.2021	31.12.2020
Accounts receivable	1 323	227
Loss allowance	51	-
Total	1 272	227

Distribution by currency

<i>Amounts in USD thousands</i>	31.12.2021	31.12.2020
Accounts receivable NOK	51	110
Accounts receivable USD	896	7
Accounts receivable EUR	193	51
Accounts receivable GBP	133	58
Total	1 272	227

Aging of gross trade receivables

<i>Amounts in USD thousands</i>	Total	< 30 days	30-60 days	60-90 days	>90 days
31.12.2021	1 323	1 093	24	118	89
Loss allowance	51	6	1	3	41
Book value 31.12.2021	1 272	1 087	23	114	48
31.12.2020	227	213	1	4	9
Loss allowance	-	-	-	-	-
Book value 31.12.2020	227	213	1	4	9

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 thousands</i>	31.12.2021	31.12.2020
Bank deposits	20 197	35 247
Restricted cash balances	81	29
Total cash and cash equivalents	20 278	35 276

Distribution of cash by currency

<i>Amounts in USD thousands</i>	31.12.2021	31.12.2020
Cash Balances NOK	10 090	16 080
Cash Balances USD	6 006	6 683
Cash Balances EUR	1 941	7 851
Cash Balances GBP	2 214	4 662
Cash Balances Other	26	-
Total	20 278	35 276

Changes in liabilities arising from financing activities**Lease liabilities**

<i>Amounts in USD thousands</i>	2020	2021	Total
Balance at the beginning of the period	599	852	1 451
	-	-	-
<i>Cash changes</i>	-	-	-
Principal payment to lessor	-164	-396	-560
Interest payment to lessor	-36	-134	-170
	-	-	-
<i>Non-cash changes</i>	-	-	-
Initial recognition	537	3 033	3 570
Accrued interest	36	134	170
Lease modifications/disposals	-117	-430	-547
Foreign currency translation effect	-3	-48	-51
Balance at the end of the period	852	3 011	3 863

Note 19 Other current liabilities*Provision for possible VAT claims related to the sale of services*

Certain sales by Logical Thinking Ltd may be subject to VAT in the country of origin of the customers. Enrique Guzman, the majority shareholder of LT Holdings Ltd, 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 350 000 for any potential liability for the time after the acquisition for 2019 and through December 2021. The total liability for Logical Thinking is estimated to be USD 600 000. The net liability of Play Magnus Group of USD 350 000 is presented gross, with a USD 600 000 provision for VAT and a USD 250

000 receivable presented under other current assets. The net exposure of Play Magnus Group is thus USD 350 000.

Other current liabilities

<i>Amounts in USD thousands</i>	31.12.2021	31.12.2020
Accrued Skattefunn	30	113
Provision for VAT	600	500
Accrued expenses	1 401	538
Other	1 045	1 248
Total other current liabilities	3 076	2 399

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	2021	2020
Intangible assets	12 198	11 490
Property, plant and equipment	2 780	821
Current and non-current assets	690	141
Liabilities	-3 723	-1 811
Other differences	-	-
Net temporary differences	11 946	10 641
Tax losses carried forward	-39 123	-21 997
Basis for deferred tax (asset)	-27 177	-11 356
Deferred tax (asset)	-4 584	-1 795
Deferred tax asset not recognised in the balance sheet	5 211	3 110
Deferred tax asset in the balance sheet	55	13
Deferred tax in the balance sheet	683	1 645

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

Basis for income tax expense	2021	2020
Result before taxes	-19 948	-15 735
Permanent differences	254	1 253
Basis for income tax expense	-19 695	-14 482
Change in temporary differences	-1 305	4 870
Business combinations effect	4 126	1 041
Change in tax loss carried forward	17 126	8 577
Taxable income (basis for payable taxes in the balance sheet)	252	6

Components of the income tax expense	2021	2020
Payable tax on this year's result	116	1
Adjustment in respect of prior year	-	-
Total tax payable	116	1
Change in deferred tax (asset)	-688	-317
Change in deferred tax (asset) posted to equity	-563	-288
Tax expense	-1 135	-604

Reconciliation of the tax expense	2021	2020
Result before taxes	-19 948	-15 735
Calculated tax	-4 389	-3 462
Tax expense	-1 135	-604
Difference	3 254	2 858

The difference consist of:	2021	2020
Tax of permanent differences	56	276
Tax cost recognised in equity	563	229
Change in deferred tax asset not recognised	2 101	-205
Other differences	534	2 558
Sum explained differences	3 254	2 858

Payable taxes in the balance sheet	2021	2020
Payable tax in the tax charge	116	1
Payable tax in the balance sheet	116	1

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 Ltd, Logical Thinking Ltd and Chessable Ltd. The total loss carried forward amounts to USD 39 123 089 as of 31 December 2021. This gives deferred tax assets of USD 5 211 009 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 thousands

Other operating expenses	2021	2020
Software, hardware and hosting fees	1 386	619
Legal and audit fees	1 025	1 075
Travel	273	87
Marketing	1 802	1 100
Publishing costs	947	-
Studio rent Champions Chess Tour	743	-
Allowance for doubtful receivables	51	-
Provision for VAT	100	50
Other	1 756	388
Total	8 083	3 319

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 2021 and 2020.

Amounts in USD thousands

Category	2021	2020
Audit services	154	106
Other audit related services	36	117
Tax services	110	137
Total	299	360

Of the audit fees in the table above, a total of USD 29 thousand for 2021 and USD 35 thousand for 2020 is related to audit-related services not provided by the elected auditor of Play Magnus AS.

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 thousands</i>	2021	2020
Interest income	35	11
Exchange rate gains	586	185
Other financial income	3	-
Financial income	624	196
Interest expense	136	37
Interest expense on convertible loan	-	48
Exchange rate losses	388	1 372
Other financial expense	466	221
Financial expense	990	1 677
NET FINANCIAL ITEMS	-366	-1 481

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 01.01.2021	252	1 212	1 464
Acquisition Interchess BV	18	-	18
Additions	179	3 159	3 337
Disposals	-	-460	-460
Foreign currency translation effect	1	-182	-181
Acquired cost 31.12.2021	450	3 729	4 179
Accumulated depreciation and impairment			
Balance Play Magnus 01.01.2021	49	391	440
Depreciation of the year	92	601	693
Impairment of the year	-	-	-
Accumulated depreciation disposals	-	-	-
Foreign currency translation effect	-1	-44	-45
Accumulated depreciation and impairments 31.12.2021	140	949	1 089
Carrying value 31.12.2021	310	2 780	3 090

	Office equipment	Office buildings (Right-of-use assets)	Total
Balance Play Magnus 01.01.2020	80	722	802
Additions	167	537	704
Disposals	-	-117	-117
Foreign currency translation effect	5	70	75
Acquired cost 31.12.2020	252	1 212	1 464
Accumulated depreciation and impairment			
Balance Play Magnus 01.01.2020	18	125	143
Depreciation of the year	33	184	217
Impairment of the year	-	-	-
Accumulated depreciation disposals	-	-	-
Foreign currency translation effect	-2	82	80
Accumulated depreciation and impairments 31.12.2020	49	391	440
Carrying value 31.12.2020	203	821	1 024

Interest expense relating to lease recognized in the income statement for 2021 was USD 133 961 and USD 36 268 for 2020. Total cash outflows for leases in 2021 was USD 529 479 and USD 200 450 in 2020.

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	Ownership	Functional currency
United Mind Sports Limited	2014	2019	Gibraltar	Holding company for the chess24 group, and the immediate owner of the subsidiaries Caroonia 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
Caroonia 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
Interchess BV	1984	2021	Alkmaar, Netherlands	Publisher of chess books and ebooks, publisher of New In Chess magazine	100 %	EUR
Gloucester Publishers Limited	2003	2021	London, UK	Publisher of chess books and ebooks	100 %	GBP
Ginger GM Limited	2018	2021	London, UK	E-learning site with online courses	100 %	GBP
Aimchess by PMG AS	2021	-	Oslo, Norway	Owns and operates the aimchess.com website and AimChess app	100 %	NOK
Play Magnus India Private Ltd	2021	-	Bangalore, India	Support of group activities and presence in the APAC region	100 %	INR
Play Magnus Polska sp. z o.o.	2021	-	Wroclaw, Poland	IT development services	100 %	PLN
Play Magnus USA Inc.	2021	-	Delaware, USA	Holding company and owner of Silver Knights Chess LLC	100 %	USD
Silver Knights Chess LLC	2021	2021	Virginia, USA	Live chess coaching services	100 %	USD

Play Magnus AS Shareholders as of 31 December 2021

Shareholders	Number of ordinary shares	Total # of shares	% of shareholding
Clearstream Banking S.A.	5 318 895	5 318 895	9.4%
Magnuschess AS	5 088 157	5 088 157	9.0%
Investinor Direkte AS	5 088 000	5 088 000	9.0%
LT Holdings Ltd	4 964 620	4 964 620	8.8%
UBS Switzerland AG	3 832 607	3 832 607	6.8%
Myrlid AS	2 318 039	2 318 039	4.1%
MP Pensjon PK	2 309 100	2 309 100	4.1%
T.D. Veen AS	1 828 777	1 828 777	3.2%
LGT Bank AG	1 754 850	1 754 850	3.1%
Idekapital AS	1 319 000	1 319 000	2.3%
State Street Bank and Trust Comp	1 100 000	1 100 000	1.9%
Espen Agdestein AS	1 050 000	1 050 000	1.9%
Others	20 615 924	20 615 924	36.4%
Total	56 587 969	56 587 969	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 2021 and 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).

	2021	2020
Profit for the year (in USD thousands)	-19 407	-15 132
Weighted average number of ordinary shares	53 448 375	37 399 147
Earnings in USD per share profit for the year	-0.36	-0.40

Note 26 Related parties

The following are the significant related party activities for Play Magnus Group during 2021. 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 2021 MagnusChess AS was the largest shareholder of Play Magnus Group. Henrik Carlsen also serves on the board of Play Magnus AS.

Play Magnus AS has a branding agreement with Magnus Carlsen (contractually agreed with Magnus Carlsen and through the company MagnusChess AS) that expires 17 December 2033. Play Magnus also has an agreement with MagnusChess AS in connection with Play Magnus 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 commission from Play Magnus Group.

In 2021 the payments related to these partnership services performed by MagnusChess AS totaled NOK 2 817 572.

Magnus Carlsen is also a participant in the Champions Chess Tour. He is invited as the current World Champion and top 10 player in the world. His earnings there are related to the prizes that he has won. In 2021 he won USD 310 370.

- Etruvian (Gibraltar), ultimately owned by Enrique Guzman. Enrique Guzman was the third largest shareholder of the Play Magnus Group through his holding company LT Holdings Ltd, of which he owns 97%, as of year-end of 2021. Enrique Guzman is also the Managing Director of Logical Thinking and E-Learning which operate the chess24 brand and its related services, as well as own the intellectual property of chess24 GmbH, respectively.

Etruvian (Gibraltar) Ltd has a consulting agreement with Logical Thinking 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 2021 was GBP 157 055.

- Espen Agdestein is a board member and a shareholder of Play Magnus, owning 1 050 000 shares as of 31 December 2021 via his company Espen Agdestein AS. He also does consulting work related to business development and gets compensated for this work. In 2021 the payments related to these partnership services performed by Espen Agdestein AS totaled NOK 1 754 271.
- Julius Baer was a partner of the 2021 Magnus Carlsen Chess Tour and as well as the 2021 Julius Baer Challengers Chess Tour. Charles Stonehill is a Vice Chairman of Julius Baer and was also on the Board of Play Magnus until June 2021. The deal amount was in line with other announced partnerships in 2021.
- 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 2021.

Related party transactions and contracts after 31 December 2021.

- MagnusChess AS received remuneration for services related to the partnership agreements for NOK 279 355.
- MagnusChess AS received USD 63 500 for prize money given his participation and top ranking in the Champions Chess Tour.

Note 27 Non-current financial liabilities

Current financial liabilities

<i>Amounts in USD thousands</i>	31.12.2021	31.12.2020
Current lease liability	645	216
Contingent consideration	496	-
Total current financial liabilities	1 141	216

Non-current financial liabilities

<i>Amounts in USD thousands</i>	31.12.2021	31.12.2020
Non-current lease liability	2 366	637
Contingent consideration	91	179
Total non-current financial liabilities	2 457	816

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

Note 28 Leasing

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

The leased assets (right-of-use assets) consist of office buildings in Oslo, Barcelona, Hamburg, Riga, London and Wrocław. 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 thousands</i>	31.12.2021	31.12.2020
Office buildings	2 780	829
Total right-of-use assets	2 780	829

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

Lease liabilities

<i>Amounts in USD thousands</i>	31.12.2021	31.12.2020
Current	645	216
Non-current	2 366	637
Total lease liability	3 011	852

Amounts recognized in the statement of profit or loss

<i>Amounts in USD thousands</i>	2021	2020
Depreciation of right-of-use assets	601	184
Interest expense	132	36

Maturity profile lease liability

<i>Amounts in USD thousands</i>	Less than a year	1-3 years	3-5 years
Lease liabilities 31 December 2021	-	187	2 824
Lease liabilities 31 December 2020	-	-	852

Reconciliation of lease financing activities

<i>Amounts in USD thousands</i>	2021	2020
Opening balance 1 January	852	599
Cash flow	-529	-200
New leases	3 033	537
Other non-cash changes	-345	-84
Closing balance 31 December	3 011	852

Note 29 Events after the reporting period*Private Placement:*

- On 12 January 2022, Play Magnus Group entered into an agreement regarding a contemplated private placement directed towards Breakthrough Initiatives Limited, for an amount of USD 10 000 000 in gross proceeds to the company, through the issuance of 4 864 753 new shares at a price of NOK 18.30. The FX rate for corporate law and accounting reasons used was as of 22 December 2021 and was 8.9030. The total number of new shares outstanding following the private placement is 61 452 722. The private placement was approved in an extraordinary general meeting held on 19 January 2022.

Breakthrough Initiatives Limited is an investment vehicle held for the benefit of Breakthrough Foundation, founded by Israeli science and technology investor and philanthropist Yuri Milner and his wife Julia, which supports existing and future philanthropic projects in fundamental sciences, including Breakthrough Prizes, Breakthrough Initiatives, and Breakthrough Junior Challenge.

- As part of the investment by Breakthrough Initiatives, Leonid Solovyev was appointed to the Board of Directors.

Primary Insiders Trades:

- MagnusChess AS, a close associate of Henrik Carlsen, Board Member of Play Magnus AS, purchased 45 001 shares at an average price of NOK 11.89 per share between 9 March and 11 March 2022. MagnusChess also purchased 93 145 shares at a price of NOK 13.56 on 18 February 2022, and 23 000 shares at a price of NOK 16.03 on 12 January 2022. The new shareholding of MagnusChess AS is 5 249 303.
- Idekapital AS, a close associate of Anders Brandt, Chairman of the Board of Directors of Play Magnus AS, has purchased 31 250 shares at a price of NOK 16.21 on 12 January 2022, 30 000 shares at a price of NOK 13.70 on 18 February 2022 and 20 000 shares at a price of NOK 10.93 on 7 March 2022. The new shareholding of Idekapital AS is 1 400 250.

Additional Trading Venues:

- On 18 March 2022, Play Magnus Group qualified to trade on OTCQX® Best Market under the ticker "PMGMF." The OTCQX Best Market is the highest market tier of OTC Markets. Upgrading to the OTCQX Best Market is an important step for Play Magnus Group to provide more visibility and accessibility of trading for its U.S. investors.

Subsidiary name changes:

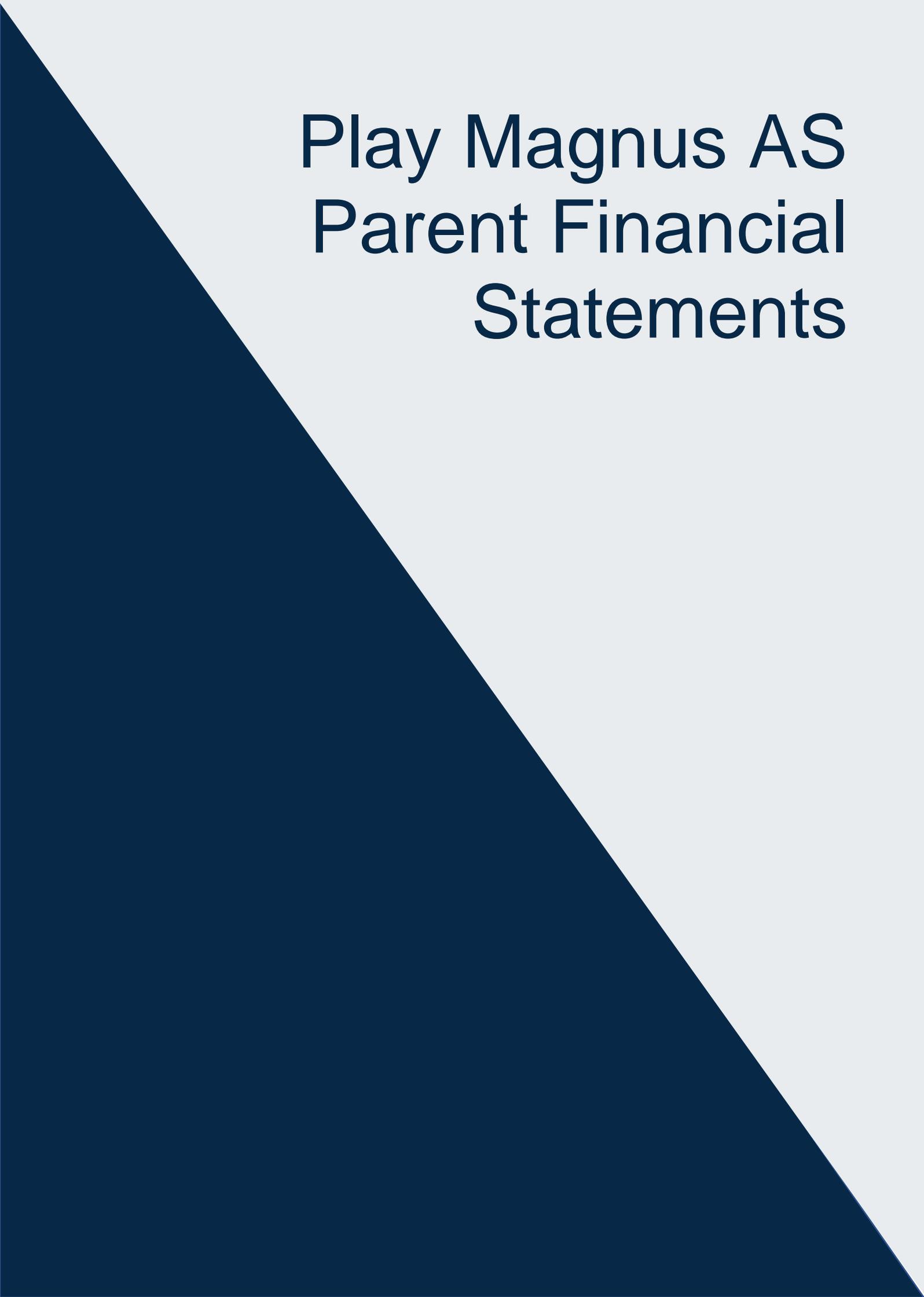
- In March 2022, Silver Knights Chess rebranded to Magnus Chess Academy and will operate under this name going forward. The website changed from www.skchess.com to www.chessacademy.com

Key Management and personnel updates:

- Play Magnus Group granted 502 000 options in Q1 2022 to key personnel at a price of NOK 18.50.
- Gerald Tan, Chief Product Officer of Play Magnus Group and CEO of chess24, left the Play Magnus Group. 233 333 were forfeited upon departure.

Partnerships:

- In January 2022, Julius Baer announced a renewal and expansion of its partnership of the Champions and Challengers Chess Tours.
- In February 2022, Animoca was announced as a partner of the Champions Chess Tour.
- In February 2022, Secretlab was announced as a partner of the Champions Chess Tour.
- In February 2022, PUMA was announced as a partner of the Champions Chess Tour.
- In March 2022, NEAR Foundation was announced as a partner of the Champions Chess Tour.

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Play Magnus AS Parent Financial Statements

Statements of comprehensive income

Amounts in NOK thousands (except per share amounts)	Note	2021	2020
Revenue from customers	7, 8	46 478	14 023
Total operating revenue		46 478	14 023
Course content and subscription sales expenses		2 306	1 757
Tournament prize expenses		4 674	-
Employee benefit expenses	9, 10	13 094	4 787
Share-based compensation expense	11	956	4 103
Consultancy fees		38 323	10 601
Management fees recharged from other group companies		20 027	2 145
Other operating expenses	17	25 596	13 286
Depreciation and amortization	12, 19	4 706	5 197
Equity funding transaction expenses	17	-	21 369
Loss on contingent consideration	22	140	8 336
Total operating expenses		109 822	71 582
Operating profit (loss)		-63 344	-57 559
Financial income	18	8 295	2 116
Financial expenses	18	2 377	12 020
Financial income (expense), net		5 918	-9 904
Profit (loss) before tax		-57 426	-67 464
Tax expense	16	-	479
Profit (loss)		-57 426	-66 984
Other comprehensive income		-	-
Total comprehensive income		-57 426	-66 984

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

Statements of financial position

ASSETS			
Amounts in NOK thousands	Note	31.12.2021	31.12.2020
Intangible assets	12	10 028	11 252
Tangible and right-of-use assets	19	2 343	1 241
Investments in subsidiaries	20	261 665	203 069
Loans to group companies	20	196 358	80 968
TOTAL NON-CURRENT ASSETS		470 394	296 530
Other current assets		3 411	3 361
Other current financial assets	6	48	55
Accounts receivable	13	5 411	1 283
Other receivables from group companies	20	5 013	-
Cash and cash equivalents	14	133 017	264 420
TOTAL CURRENT ASSETS		146 900	269 119
TOTAL ASSETS		617 295	565 648

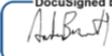
EQUITY AND LIABILITIES

Amounts in NOK thousands	Note	31.12.2021	31.12.2020
Share capital		566	522
Share premium		692 671	617 582
Treasury shares		-1 968	-
Retained earnings		-159 687	-102 262
Other components of equity		45 728	34 907
TOTAL EQUITY		577 310	550 749
Non-current financial liabilities	6, 22	2 338	2 337
Non-current portion of deferred revenue	8	191	183
Total non-current liabilities		2 530	2 520
Current portion of deferred revenue	8	7 463	1 039
Accounts payable		6 953	3 805
Liabilities payable to group companies	20	16 626	90
Other current financial liabilities	6, 22	1 689	447
Other current liabilities	15	4 724	6 998
Total current liabilities		37 455	12 380
TOTAL LIABILITIES		39 985	14 899
TOTAL EQUITY AND LIABILITIES		617 295	565 648

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

Oslo, April 25th, 2022

The Board of Directors of Play Magnus AS

DocuSigned by:

 8827738E748D494
 Anders Brandt
 Chairman

DocuSigned by:

 38332873D004EF
 Henrik Albert Carlsen
 Board member

DocuSigned by:

 B8D5882C0D0427
 Patrick Sandahl
 Board member

DocuSigned by:

 7703089D64A84F8
 Espen Agdestein
 Board member

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 Irene Kristiansen
 Board member

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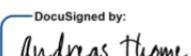
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 Nils Lorenz Lensch-Franzen
 Board member

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 Jens Hilgers
 Board member

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 Leonid Solovyev
 Board member

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 Andreas Thome
 CEO

Statements of cash flows

Amounts in NOK thousands	Notes	2021	2020
Operating activities			
Profit (loss) before tax		-57 426	-67 464
Depreciation	19	826	679
Amortisation of intangible assets	12	3 880	4 518
Accrued interest expense/income (net)		-2 441	-254
Share based compensation expense	11	956	1 194
Items classified as investing or financing activities		1 665	853
Unrealised currency translation (gains)/losses		-1 952	2 409
Gain (loss) on contingent consideration	22	140	8 336
<i>Working capital adjustments:</i>			
Changes in accounts receivable		-9 479	-894
Changes in financial assets		7	-
Changes in other current assets		-88	-2 989
Changes in deferred revenue		6 432	647
Changes in accounts payable		17 430	3 225
Changes in other current liabilities		-1 575	779
Net cash provided from operating activities		-41 623	-48 961
Investing activities			
Investments in intangible assets	12	-3 356	-2 601
Payment of contingent consideration, Chessable		-	-23 900
Payment for acquisition of Aimchess		-2 030	-
Payment for acquisition of Interchess BV		-30 117	-
Payment for acquisition of Play Magnus Polska sp. z o.o.		-29	-
Capital contribution to Play Magnus USA, Inc.		-19 945	-
Capital contribution to Play Magnus India Private Ltd.		-12	-
Transaction expenses acquisitions		-1 527	-727
Cash settlement share-based compensation subsidiaries		-	-8 369
Loans to subsidiaries	20	-103 559	-74 048
Net cash used in investing activities		-160 575	-109 645
Financing activities			
Issuance of new shares		71 720	425 322
Transaction expenses related to issuance of new shares		-	-3 720
Repayment of convertible loan		-	-10 000
Interest payment on convertible loan		-	-710
Principal elements of lease payments	14	-787	-669
Interest paid on lease agreements	14	-139	-126
Net cash provided by (used in) financing activities		70 795	410 097
Net increase (decrease) in cash and cash equivalents		-131 403	251 492
Cash and cash equivalents at the beginning of year		264 420	12 928
Cash and cash equivalents at end of year	14	133 017	264 420

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

Statements of changes in equity

Amounts in NOK thousands	Share capital	Share premium	Treasury shares	Other components of equity	Retained earnings	Total equity
Total equity 01.01.2020	277	192 711	-	15 673	-35 277	173 384
Profit / (-) loss for the period	-	-	-	-	-66 984	-66 984
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-66 984	-66 984
<i>Transactions with owners and their capacity as owners:</i>						
Employee stock option expense	-	-	-	13 001	-	13 001
Share consideration iChess LLC acquisition, not registered	-	-	-	3 413	-	3 413
Contingent equity consideration Chessable Ltd	10	-	-	-	-	10
Capital increase in private placement 1	92	129 002	-	2 820	-	131 913
Capital increase in private placement 2	143	299 108	-	-	-	299 250
Transaction expenses related to private placements	-	-3 720	-	-	-	-3 720
Exercise of warrants	-	482	-	-	-	482
Total equity 31.12.2020	522	617 582	-	34 907	-102 262	550 749
Total equity 01.01.2021	522	617 582	-	34 907	-102 262	550 749
Profit / (-) loss for the period	-	-	-	-	-57 426	-57 426
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-57 426	-57 426
<i>Transactions with owners and their capacity as owners:</i>						
Employee stock option expense	-	-	-	7 133	-	7 133
Share consideration Ginger GM Ltd acquisition, not registered	-	-	-	1 801	-	1 801
Share consideration Aimchess by PMG AS acquisition, not registered	-	-	-	949	-	949
Share consideration Silver Knights Chess LLC acquisition, not registered	-	-	-	4 351	-	4 351
Exercise of warrants	43	71 677	-	-	-	71 720
Acquisition of treasury shares from subsidiary	-	-	-1 968	-	-	-1 968
Share consideration iChess LLC acquisition	2	3 412	-	-3 413	-	-
Total equity 31.12.2021	566	692 671	-1 968	45 728	-159 687	577 310

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 17 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, Champions Chess Tour, New In Chess, Everyman Chess, iChess, Ginger GM, Aimchess, Magnus Chess Academy (formerly Silver Knights) and CoChess brands.

The financial statements for the year ended 31 December 2021 were approved by the Board on 25 April 2022. The 2020 financial statements were the first IFRS financial statements for Play Magnus AS (see note 27 in the annual report 2020 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 2021. 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 NOK thousands.

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

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 AS's financial reporting.

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 16
- Capitalization of internally generated intangible assets – see note 12

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. 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. There may be contingent consideration due to current employees of acquired companies over the next year should certain financial targets be met and which are categorized under operational

expenses. 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 cash balance in the company as of 31 December 2021 was mostly situated in Norwegian Krone and US Dollars with the majority of the rest of the balance in Euros and British Pounds.

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 thousands

Currency	Change in exch. rate	Impact 2021	Impact 2020
USD	+/- 10%	4 403	4 834
GBP	+/- 10%	7 657	9 785
EUR	+/- 10%	1 771	6 097

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 with no intention of using debt until the company is more profitable. 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 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 thousands</i>	Category	31.12.2021	31.12.2020
Financial assets			
Current financial assets	FAAC	48	55
Accounts Receivable	FAAC	5 411	1 283
Cash and cash equivalents	FAAC	133 017	264 420
Total financial assets		138 476	265 758

<i>Amounts in NOK thousands</i>	Fair value level	Category	31.12.2021	31.12.2020
Financial liabilities				
Convertible loan		FLAC	-	-
Non-current financial liabilities		FLAC	1 534	796
Accounts payable		FLAC	6 953	3 805
Current financial liabilities		FLAC	813	447
Non-current financial liabilities	3	FVTPL	805	1 540
Current financial liabilities	3	FVTPL	876	-
Total financial liabilities			10 981	6 589

FAAC - Financial assets at amortized cost

FVTPL - Fair value through P&L

FLAC - Financial liabilities at amortized cost

Note 7 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 AS 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

Note 8 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 elearning 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 AS 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 thousands</i>	2021	2020
Subscriptions	11 956	6 662
Tour revenue and partnerships	27 909	6 246
Other revenue	6 613	1 115
Revenue from contracts with customers	46 478	14 023

At a point in time revenue recognition

Subscriptions	-	-
Tour revenue and partnerships	-	-
Other revenue	6 613	1 115
Total at a point in time revenue recognition	6 613	1 115

Over time revenue recognition

Subscriptions	11 956	6 662
Tour revenue and partnerships	27 909	6 246
Other revenue	-	-
Total over time revenue recognition	39 865	12 907

Deferred revenue

<i>Amounts in NOK thousands</i>	2021	2020
Revenue recognized in this period that was included in the deferred revenue balance at the beginning of the period.		
Subscriptions	1 039	407
Tour revenue and partnerships	-	4
Other revenue	-	-
Total revenue recognized	1 039	411

<i>Amounts in NOK thousands</i>	31.12.2021	31.12.2020
Current portion of deferred revenue		
Subscriptions	1 438	1 039
Tour revenue and partnerships	6 025	-
Other revenue	-	-
Total current portion of deferred revenue	7 463	1 039

<i>Amounts in NOK thousands</i>	31.12.2021	31.12.2020
Non-current portion of deferred revenue		
Subscriptions	191	183
Tour revenue and partnerships	-	-
Other revenue	-	-
Total non-current portion of deferred revenue	191	183

Note 9 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 thousands</i>	2021	2020
Salaries	11 396	4 203
Board remuneration	730	759
Social security costs	1 725	1 082
Other personnel related costs	260	40
Pension expense	200	73
Total employee benefit expenses	14 311	6 157
Less capitalized personnel costs	1 218	1 369
Total employee benefit expenses	13 094	4 787
Average number of FTEs	13.0	6.5

* 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 10 Management and board of directors remuneration

For information about management and board of directors remuneration for 2021 and 2020, 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. 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 107 629 via the company Dimaedu Ltd in 2021 and NOK 822 273 in 2020. He has been employed by the subsidiary Chessable Spain SL since February 2021.

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

Note 11 Share-based compensation

For information about share-based compensation for 2021 and 2020, see note 13 in the consolidated financial statements.

Note 12 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 2021, 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 01.01.2021	28 670	28 670
Additions	2 139	2 139
Capitalized employee benefit expense	1 218	1 218
Acquired cost 31.12.2021	32 026	32 026
Balance 01.01.2021	17 418	17 418
Amortization	3 880	3 880
Reduction amort. because of unearned Skattefunn	700	700
Accumulated amortization 31.12.2021	21 998	21 998
Carrying value 31.12.2021	10 028	10 028

Estimated lifetime 5 years
Amortization schedule Straight line

	Website/ mobile technology	Total
Balance 01.01.2020	26 069	26 069
Additions	1 231	1 231
Capitalized employee benefit expense	1 369	1 369
Acquired cost 31.12.2020	28 670	28 670
Balance 01.01.2020	12 199	12 199
Amortization	4 518	4 518
Reduction amort. because of unearned Skattefunn	700	700
Accumulated amortization 31.12.2020	17 418	17 418
Carrying value 31.12.2020	11 252	11 252

Estimated lifetime 5 years
Amortization schedule Straight line

Note 13 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.

<i>Amounts in NOK thousands</i>	31.12.2021	31.12.2020
Accounts receivable	5 411	1 283
Loss allowance	-	-
Total	5 411	1 283

Distribution by currency

<i>Amounts in NOK thousands</i>	31.12.2021	31.12.2020
Accounts receivable NOK	452	913
Accounts receivable USD	4 960	-
Accounts receivable EUR	-	370
Total	5 411	1 283

Aging of gross trade receivables

<i>Amounts in NOK thousands</i>	Total	< 30 days	30-60 days	60-90 days	>90 days
31.12.2021	5 411	4 265	136	1 010	-
Loss allowance	-	-	-	-	-
Book value 31.12.2021	5 411	4 265	136	1 010	-
31.12.2020	1 283	1 250	-	33	-
Loss allowance	-	-	-	-	-
Book value 31.12.2020	1 283	1 250	-	33	-

Note 14 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 thousands</i>	31.12.2021	31.12.2020
Bank deposits	132 304	264 168
Restricted cash balances	713	251
Total cash and cash equivalents	133 017	264 420

Distribution of cash by currency

<i>Amounts in NOK thousands</i>	31.12.2021	31.12.2020
Cash Balances NOK	88 594	138 058
Cash Balances USD	39 128	48 342
Cash Balances EUR	4 111	48 882
Cash Balances GBP	1 184	29 138
Total	133 017	264 420

Changes in liabilities arising from financing activities

Lease liabilities

<i>Amounts in NOK thousands</i>	2020	2021	Total
Balance at the beginning of the period	3 372	1 244	4 615
<i>Cash changes</i>			
Principal payment to lessor	-669	-787	-1 456
Interest payment to lessor	-126	-139	-264
<i>Non-cash changes</i>			
Initial recognition	-	1 997	1 997
Accrued interest	126	139	264
Lease modifications/disposals	-1 459	-107	-1 566
Balance at the end of the period	1 244	2 347	3 590

Note 15 Other current liabilities

Other current liabilities

<i>Amounts in NOK thousands</i>	31.12.2021	31.12.2020
Accrued Skattefunn	268	968
Accrued expenses	2 919	2 075
Other	1 537	3 955
Total other current liabilities	4 724	6 998

Note 16 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	2021	2020
Intangible assets	4 303	4 339
Property, plant and equipment	2 343	1 241
Current and non-current assets	-	-
Liabilities	-2 615	-2 212
Other differences	-	-
Net temporary differences	4 031	3 368
Tax losses carried forward	-154 292	-98 436
Basis for deferred tax (asset)	-150 261	-95 068
Deferred tax (asset)	-33 057	-20 915
Deferred tax asset not recognised in the balance sheet	33 057	20 915
Deferred tax asset in the balance sheet		-
Deferred tax in the balance sheet		-

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

Basis for income tax expense	2021	2020
Result before taxes	-57 426	-67 464
Permanent differences	2 233	10 766
Basis for income tax expense	-55 193	-56 698
Change in temporary differences	-663	-1 697
Change in tax loss carried forward	55 856	58 395
Taxable income (basis for payable taxes in the balance sheet)	-	-
Components of the income tax expense	2021	2020
Payable tax on this year's result	-	-
Adjustment in respect of prior year	-	-
Total tax payable	-	-
Change in deferred tax (asset)	-	-479
Change in deferred tax (asset) posted to equity	-	-
Change in def. tax (asset) due to tax rate	-	-
Tax expense	-	-479
Reconciliation of the tax expense	2021	2020
Result before taxes	-57 426	-67 464
Calculated tax	-12 634	-14 842
Tax expense	-	-479
Difference	-12 634	-14 363
The difference consist of:	2021	2020
Tax of permanent differences	491	2 368
Tax cost recognised in equity	-	-
Change in deferred tax asset not recognised	12 142	11 994
Other differences	-	-
Sum explained differences	12 634	14 363
Payable taxes in the balance sheet	2021	2020
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 17 Other operating expenses

Amounts in NOK thousands

Other operating expenses	2021	2020
Software, hardware and hosting fees	2 189	714
Legal and audit fees	7 060	8 792
Travel	1 303	269
Marketing	2 531	1 372
Studio rent Champions Chess Tour	6 665	550
Other	5 847	1 589
Total	25 596	13 286

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 2021 and 2020.

Amounts in NOK thousands

Category	2021	2020
Audit services	1 071	967
Other audit related services	301	1 064
Tax services	943	1 190
Total	2 315	3 220

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 18 Financial items

Financial items

<i>Amounts in NOK thousands</i>	2021	2020
Interest income	3 098	811
Exchange rate gains	5 198	1 305
Financial income	8 295	2 116
Interest expense	139	129
Interest expense on convertible loan	-	455
Exchange rate losses	2 212	11 428
Other financial expense	26	7
Financial expense	2 377	12 020
NET FINANCIAL ITEMS	5 918	-9 904

Note 19 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 01.01.2021	2 685	2 685
Additions	1 997	1 997
Disposals	-69	-69
Acquired cost 31.12.2021	4 614	4 614
Accumulated depreciation and impairment		
Balance Play Magnus 01.01.2021	1 445	1 445
Depreciation of the year	826	826
Impairment of the year	-	-
Accumulated depreciation disposals	-	-
Accumulated depreciation and impairments 31.12.2021	2 270	2 270
Carrying value 31.12.2021	2 343	2 343
Estimated lifetime	5 years	
Depreciation schedule	Straight line	

	Office buildings (Right-of-use assets)	Total
Balance Play Magnus 01.01.2020	4 144	4 144
Additions	-	-
Disposals	-1 459	-1 459
Acquired cost 31.12.2020	2 685	2 685
Accumulated depreciation and impairment		
Balance Play Magnus 01.01.2020	766	766
Depreciation of the year	679	679
Impairment of the year	-	-
Accumulated depreciation disposals	-	-
Accumulated depreciation and impairments 31.12.2020	1 445	1 445
Carrying value 31.12.2020	1 241	1 241
Estimated lifetime	5 years	
Depreciation schedule	Straight line	

Interest expense relating to lease recognized in the income statement for 2021 was NOK 138 517 and NOK 125 797 in 2020. Total cash outflows for leases in 2021 were NOK 925 287 and NOK 795 147 in 2020.

Note 20 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 2021	Ownership interest 2020	Carrying amount as of 31 December 2021	Carrying amount as of 31 December 2020
United Mind Sports Ltd	Gibraltar	100 %	100 %	123 633 619	123 527 393
Chessable Ltd	UK	100 %	100 %	76 956 829	71 044 123
iChess LLC	USA	100 %	100 %	8 497 478	8 497 478
Aimchess by PMG AS	Norway	100 %	0 %	2 030 000	-
Play Magnus Polska sp. z o.o.	Poland	100 %	0 %	88 882	-
Interchess BV	Netherlands	100 %	0 %	30 189 175	-
Chess24 GmbH	Germany	100 %	0 %	283 196	-
ChessX SIA	Latvia	100 %	0 %	28 837	-
Play Magnus USA Inc.	USA	100 %	0 %	19 945 151	-
Play Magnus India Private Ltd	India	100 %	0 %	11 654	-
Total				261 664 820	203 068 994

Shares in subsidiaries owned through subsidiaries

Entity	Office	Ownership interest 2021	Ownership interest 2020
Caroona Ltd	Gibraltar	100 %	100 %
E-Learning Ltd	Gibraltar	100 %	100 %
Logical Thinking Ltd	Gibraltar	100 %	100 %
Chess24 GmbH*	Germany	0 %	100 %
ChessX SIA*	Latvia	0 %	100 %
Chessable Limited Spain SL	Spain	100 %	100 %
Ginger GM Ltd	UK	100 %	0 %
Gloucester Publishers Ltd	UK	100 %	0 %
Silver Knights Chess LLC	USA	100 %	0 %

*Chess24 GmbH and ChessX SIA are direct subsidiaries of Play Magnus AS from 2021.

Sales and purchases of services, current receivables, current liabilities

Entity	Sales 2021	Purchases 2021	Receivables 2021	Liabilities 2021	Sales 2020	Purchases 2020	Receivables 2020	Liabilities 2020
United Mind Sports Ltd	-	-	-	53	-	-	-	23
Chessable Ltd	852	7 614	953	3 315	259	326	-	67
iChess LLC	80	-	-	-	-	-	-	-
Caroona Ltd	-	-	-	257	-	-	-	-
E-Learning Ltd	1 565	671	1 565	671	-	-	-	-
Logical Thinking Ltd	870	6 816	870	6 816	2 938	1 196	-	-
Chess24 GmbH	-	638	-	-	-	-	-	-
ChessX SIA	-	-	-	-	337	-	337	-
Chessable Spain SL	-	13 377	-	3 545	-	1 819	-	-
Interchess BV	557	2	-	1 968	-	-	-	-
Ginger GM Ltd	1 612	-	1 612	-	-	-	-	-
Aimchess by PMG AS	320	-	13	-	-	-	-	-
Total	5 857	29 119	5 013	16 626	3 535	3 341	337	90

Financial transactions, non-current receivables, non-current liabilities

Entity	Financial income 2021	Financial expense 2021	Receivables 2021	Liabilities 2021	Financial income 2020	Financial expense 2020	Receivables 2020	Liabilities 2020
Chessable Ltd	1 196	-	96 679	-	168	-	22 728	-
iChess LLC	-	-	397	-	-	-	-	-
Logical Thinking Ltd	1 164	-	72 776	-	490	-	45 979	-
ChessX SIA	247	-	13 603	-	51	-	12 092	-
Ginger GM Ltd	46	-	2 608	-	-	-	-	-
Aimchess by PMG AS	58	-	5 790	-	-	-	-	-
Silver Knights Chess LLC	75	-	4 501	-	-	-	-	-
Play Magnus USA Inc.	-	-	5	-	-	-	-	-
Total	2 786	-	196 358	-	709	-	80 799	-

Play Magnus AS Shareholders as of 31 December 2021

Shareholders	Number of ordinary shares	Total # of shares	% of shareholding
Clearstream Banking S.A.	5 318 895	5 318 895	9.4%
Magnuschess AS	5 088 157	5 088 157	9.0%
Investinor Direkte AS	5 088 000	5 088 000	9.0%
LT Holdings Ltd	4 964 620	4 964 620	8.8%
UBS Switzerland AG	3 832 607	3 832 607	6.8%
Myrlid AS	2 318 039	2 318 039	4.1%
MP Pensjon PK	2 309 100	2 309 100	4.1%
T.D. Veen AS	1 828 777	1 828 777	3.2%
LGT Bank AG	1 754 850	1 754 850	3.1%
Idekapital AS	1 319 000	1 319 000	2.3%
State Street Bank and Trust Comp	1 100 000	1 100 000	1.9%
Espen Agdestein AS	1 050 000	1 050 000	1.9%
Others	20 615 924	20 615 924	36.4%
Total	56 587 969	56 587 969	100.0%

Note 21 Related parties

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

Note 22 Non-current financial liabilities

Current financial liabilities

<i>Amounts in NOK thousands</i>	31.12.2021	31.12.2020
Current lease liability	813	447
Contingent consideration	876	-
Total current financial liabilities	1 689	447

Non-current financial liabilities

<i>Amounts in NOK thousands</i>	31.12.2021	31.12.2020
Non-current lease liability	1 534	796
Contingent consideration	805	1 540
Total non-current financial liabilities	2 338	2 337

The contingent consideration of NOK 1 681 thousand as of 31 December 2021 and NOK 1 540 thousand 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 23 Leasing

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

The leased assets (right-of-use assets) consist of office buildings in Oslo for 2018-2021 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 thousands</i>	31.12.2021	31.12.2020
Office buildings	2 343	1 241
Total right-of-use assets	2 343	1 241
Useful life	5 years	5 years
Depreciation method	Straight-line	Straight-line

Lease liabilities

<i>Amounts in NOK thousands</i>	31.12.2021	31.12.2020
Current	813	447
Non-current	1 534	796
Total lease liability	2 347	1 244

Amounts recognized in the statement of profit or loss

<i>Amounts in NOK thousands</i>	2021	2020
Depreciation of right-of-use assets	826	679
Interest expense	139	126

Maturity profile lease liability

<i>Amounts in NOK thousands</i>	1-3 years	3-5 years
Lease liabilities 31 December 2021	728	1 619
Lease liabilities 31 December 2020	-	1 244

Reconciliation of lease financing activities

<i>Amounts in NOK thousands</i>	2021	2020
Opening balance 1 January	1 244	3 372
Cash flow	-925	-795
New leases	1 997	-
Other non-cash changes	32	-1 333
Closing balance 31 December	2 347	1 244

Note 24 Events after the reporting period

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

Play Magnus Group

Tordenskiolds gate 2
0160 Oslo - Norway





To the General Meeting of Play Magnus AS

Independent Auditor's Report

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 financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Play Magnus AS and its subsidiaries (the Group), which comprise the financial position as at 31 December 2021, the statement of comprehensive income, statement 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.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, 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, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, 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 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report,



but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view 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 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/revisjonsberetninger>

Oslo, 25 April 2022
PricewaterhouseCoopers AS

Øystein B. Sandvik
State Authorised Public Accountant

(This document is signed electronically)

Audit Report

Signers:

<i>Name</i>	<i>Method</i>	<i>Date</i>
Sandvik, Øystein Blåka	BANKID_MOBILE	2022-04-25 18:08



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