

Play Magnus AS

First Half 2022 Report



PLAY MAGNUS
GROUP OF COMPANIES

First Half 2022 Report

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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

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

Chief People & Culture Officer
Play Magnus Group since 2020



Arne Horvei

Tour Director
Play Magnus Group since 2014



Anton Gora

CEO, chess24 & Aimchess
Aimchess since 2020, Play Magnus Group since 2021



Dmitri Shneider

Chief Financial Officer
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



H1 2022 IN REVIEW



Meltwater
CHAMPIONS
CHESS TOUR
2022

Mar 2022

Play Magnus lists on OTCQX Best Market in the United States and named Fastest Growing Gaming Company in Europe in the FT1000 List



Apr 2022

First physical event of the Tour with the Oslo Esports Cup



Jun 2022

Meltwater commits as title partner for 2023 season of the Champions Chess Tour



Jul 2021

Magnus Carlsen releases new course on Chessable



Feb 2022

Meltwater Champions Chess Tour returns for 2022 season with new partnerships with PUMA, Animoca Brands and Secretlab



Mar 2022

Silver Knights completes rebranding to Magnus Academy



Apr 2022

Top Player and Social Media Star Anish Giri announced as Ambassador for PMG



Jun 2022

Finished first half of 2022 with 24% Y/Y bookings growth Y/Y and 27% revenue growth Y/Y



Aug 2022

The Tour holds its first international event with the FTX Crypto Cup in Miami

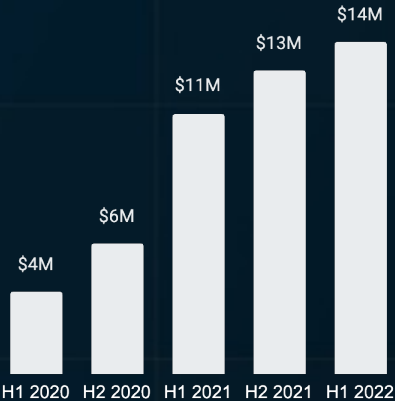
KEY FIGURES



H1 2022 BOOKINGS

\$14.4M

27% Y/Y



Q2 2022 AVG MONTHLY PAYING USERS

57.3K

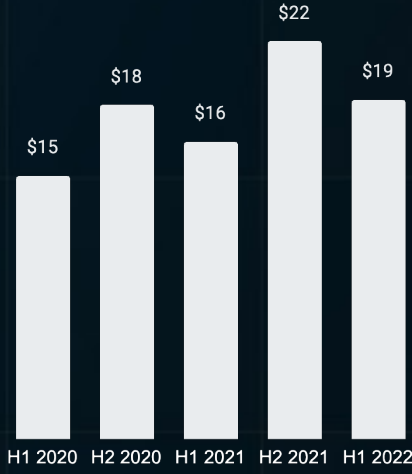
-5% Y/Y



Q2 2022 AVG ARPPU

\$18.7

14% Y/Y



A WORD FROM THE CEO

ANDREAS THOME

Chief Executive Officer

The first half of 2022 has been full of progress, with many exciting initiatives as well as an increase in uncertainty. Play Magnus Group has continued to grow, improve products and services and increase relevance across our leading ecosystem of elearning and esports. At the same time, we have seen increased challenges in the market environment and consumer spending that have negatively impacted our financial results and have led to an increased focus on costs and the path to profitability. We continue to reiterate our aim to be breakeven on adjusted EBITDA by year-end 2022 and have taken tough decisions to be able to achieve this goal.

So far in 2022, we continued to innovate with exciting new courses by top Chessable authors, including a new course by Magnus Carlsen and David Howell, as well as launches of classic titles on Chessable from the libraries of the publishers Play Magnus Group acquired in 2021. We have also continued to innovate with the Tour, building on the live event formats with the Oslo Esports Cup and the FTX Crypto Cup in Miami. In conjunction with this, it is encouraging to see existing partners re-sign and/or increase their commitments as well as the addition of new world class partners such as PUMA, Secretlab, Animoca Brands, and more. Additionally, now that the world is

returning to normalcy post covid, we have organized more community events bringing the online and offline together to create fun experiences full of fan engagement.

In January 2022 we were encouraged by a \$10M private placement from Breakthrough Initiatives Limited. Shortly after we were named the #1 gaming company in Europe and 27th overall on the FT 1000 list of the fastest growing companies in Europe prepared by the Financial Times and Statista.

While our teams continue to build on our leading offerings, uncertainty has increased as the online landscape has been impacted by the return to normal after covid-19, as well as macroeconomic challenges related to factors such as inflation, and rise in interest rates appear to be impacting consumer behavior.

The sudden shift in consumer spending in early February caught us by surprise. After several months of this trend we understood that our strategy of solely relying on revenue growth in 2022 to achieve our goal of profitability was unlikely to be enough and drastic actions needed to be taken on costs. This has led to accelerating some decisions that were planned for a long time, such as reducing business areas that were duplicative or did not generate enough returns. It also has

led to more focus on expenses such as office rents, software and reducing complexity and simplifying systems and processes. However, as labor costs are a large portion of our cost base, it also has led to the very difficult decisions to reduce our workforce.

We know the headwinds in the market environment will not last forever, however we also cannot predict when they will end. Therefore, we have put a significant emphasis on reducing the cost base, which has now reduced to USD -2.0M in Q2 2022 vs. -USD 3.7M just two quarters ago in Q4 2021. After the measures that were enacted throughout Q1 and more recently at the end of Q2, we are confident in our ability to reach breakeven, even at a more reduced revenue level in the short-term. The lower cost base, coupled with our strong cash position, puts Play Magnus Group in a much safer financial position until revenue growth can begin to accelerate again.

We have deep belief that chess is a growth market and we have the people, and the products and services to deliver

exceptional growth over time. As we enter the second half of 2022 and beyond, we look forward to seeing Chessable continue to grow its leadership in the elearning market and with time, become a place for a larger base of chess improvers. We look forward to chess24 continuing to become ever more relevant and innovative and bring the chess community together. We are also very excited to build on the new formats of the Champions Chess Tour, with another live event in San Francisco in November, where more chess fans can not only interact with the best players in the world but partake in engaging activities with other chess enthusiasts. We are also looking forward to the launch of a much improved Magnus Trainer app, now called Magnus Chess Academy.

While the market conditions are more challenging, it remains an exciting time for chess and Play Magnus Group is well positioned to maintain and grow its leading ecosystem. Play Magnus Group will continue to deliver innovative products and services that encourage users to play, watch, learn, and make a living from chess.

ALTERNATIVE PERFORMANCE MEASURES

In order to enhance the understanding of Play Magnus Group's performance, the Group presents certain measures and ratios considered as Alternative Performance Measures (APMs) as defined by the European Securities and Markets Authority and should not be viewed as substitute for any IFRS financial measures. The APMs include Bookings, Revenue, Monthly Paying Users, Average Revenue Per Paying User, EBITDA, and Adjusted EBITDA. These APMs are presented as the Group considers them to be important supplemental measures to understand the overall picture of revenue and profit generation in the Group's operating activities.

	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Alternative Performance Measures					
Revenue	\$5.9M	\$5.1M	\$12.0M	\$9.7M	\$21.5M
Bookings	\$6.3M	\$6.0M	\$14.3M	\$11.3M	\$24.5M
Average Revenue per Paying User*	\$18.7	\$16.4			\$21.9
Average Monthly Paying Users*	57,300	60,600			64,600
EBITDA	-\$2.5M	-\$3.8M	-\$5.4M	-\$6.7M	-\$14.5M
Adjusted EBITDA	-\$2.0M	-\$3.5M	-\$6.9M	-\$6.1M	-\$13.7M

The accompanying notes are an integral part of the alternative performance measures.

*Represent period end figures

Amounts in USD thousands	Q2 2022	Q2 2021	H1 2022	H1 2021	2021
Revenue from customers	5 897	5 092	11 964	9 683	21 505
Total operating revenue	5 897	5 092	11 964	9 683	21 505
Course content and subscription sales expenses	1 017	1 009	2 082	2 024	4 442
Tournament prize expenses	395	453	653	798	1 522
Employee benefit expenses	2 618	2 556	5 482	4 325	10 692
Consultancy fees	1 586	2 603	4 015	4 933	10 509
Other operating expenses	2 292	1 923	4 205	3 658	8 083
Core operating expenses	7 909	8 543	16 437	15 738	35 249
Adjusted EBITDA	-2 012	-3 452	-4 473	-6 056	-13 744

Depreciation and amortization	1 119	1 266	2 396	2 291	5 080
Adjusted operating profit (loss)	-3 132	-4 717	-6 869	-8 347	-18 824
Share-based compensation expense	135	207	145	351	681
M&A and equity funding transaction expenses	30	70	30	235	0
Other gains and losses	-229	30	-229	30	77
Restructuring expenses	516	0	981	0	0
Other expenses	452	307	927	616	759
Operating profit (loss)	-3 583	-5 024	-7 796	-8 963	-19 583
Financial income (expense), net	2 726	46	1 658	-226	-366
Profit (loss) before tax	-857	-4 978	-6 138	-9 189	-19 948

See note 10 for definitions of the alternative performance measures.

FINANCIAL REVIEW

- Total revenue from customers of \$5.9 million for the second quarter 2022, compared to \$5.1 million for the second quarter 2021, representing 16% growth. The increase was primarily driven by growth in the tour and partnerships segment. For the first half 2022, total revenue from customers amounted to \$12.0 million, up from \$9.7 million for the corresponding period of 2021, representing 26% YoY growth.
- Employee benefit expenses amounted to \$3.0 million for the second quarter 2022, compared to \$2.6 million for the second quarter 2021. For the first half 2022, employee benefit expenses amounted to \$6.3 million compared to \$4.3 million for the corresponding period 2021. The increase is mainly due to an increase in the number of employees hired in 2021 and then an increase in costs related to restructuring as the company reduced staff in the first half 2022.
- Consultancy fees amounted to \$1.6 million for the second quarter 2022, compared to \$2.6 million for the second quarter 2021. For the first half 2022, consultancy fees amounted to \$4.1 million compared to \$4.9 million for the corresponding period 2021. The decrease is due to fewer consultants used, primarily from the second quarter of 2022.
- Other operating expenses amounted to \$2.4 million for the second quarter 2022 compared to \$2.0 million in the second quarter 2021. For the first half 2022, other operating expenses amounted to \$4.3 million, compared to \$3.9 million for the corresponding period of 2021. The increase is mainly due to an increase in computer software costs, marketing and Tour organization costs particular to live events, offsetting lower legal fees.
- EBITDA amounted to -\$2.5 million for the second quarter 2022 compared to -\$3.8 million for the second quarter 2021. For the first half 2022, EBITDA was -\$5.4 million compared to -\$6.7 million for first half of 2021. EBITDA adjusted for share-based compensation expenses and related payroll taxes, acquisition-related expenses, other gains and losses and restructuring expenses was -\$2.0 million for the second quarter 2022, compared to -\$3.5 million for the second quarter 2021. For the first half 2021, EBITDA adjusted for share-based compensation expenses and related payroll taxes, acquisition-related expenses, other gains and losses and restructuring expenses was -\$4.5 million compared to -\$6.1 million for the first half 2021.
- Depreciation and amortization expenses amounted to \$1.1 million for the second quarter 2022 compared to \$1.3 million for the second quarter 2021. For the first half 2022, depreciation and amortization expenses were \$2.4 million compared to \$2.3 million for the corresponding period 2021.
- During the first half year of 2022, total assets decreased by \$5.8 million to \$48.9 million. The decreases were primarily caused by USD appreciating against the NOK and most of the assets accounted for in NOK. Per the first half 2022, non-current assets were \$23.5

million, down from \$30.0 million per the end of 2021. The decreases were primarily caused by USD appreciating against the NOK and most of the assets accounted for in NOK. For tangible and right-of-use assets the decrease is primarily caused by termination of significant leasing contracts in Barcelona and London.

- Current assets were \$25.4 million whereof cash and cash equivalents represented \$20.2 million, relative to \$24.6 million and \$20.3 million at the year-end, respectively. Accounts receivable increased by \$0.5 million to \$1.8 million at the end of the second quarter relative to \$1.3 million at the end of 2021 related mostly to Tour partnerships.
- Total liabilities per the first half 2022 were \$8.5 million, down from \$12.4 million per the end of 2021. Non-current liabilities represented \$1.8 million and current liabilities were \$6.7 million per the first half 2022.
- Equity ratio per the end of the second quarter 2022 was 83%.
- For the first half 2022, cash flow from operations was -\$5.3 million, compared to -\$6.8 million for the corresponding period of 2021.
- Cash flow from investing activities amounted to -\$0.9 million in the first half 2022, primarily attributable to investments in website and mobile technology. In the first half 2021 cash flow from investing activities was -\$6.3 million, primarily attributable to payment for acquisitions.
- Cash flow from financing activities amounted to \$9.7 million for the first half 2022, primarily due to a capital increase from a private placement directed towards Breakthrough Initiatives Limited, compared to \$8.1 million in the first half 2021.

Play Magnus Group Consolidated Financial Statements



PLAY MAGNUS
GROUP OF COMPANIES

Consolidated statements of comprehensive income

Amounts in USD thousands	Note	Unaudited Q2 2022	Unaudited Q2 2021	Unaudited H1 2022	Unaudited H1 2021	Audited 2021
Revenue from customers	2	5 897	5 092	11 964	9 683	21 505
Total operating revenue		5 897	5 092	11 964	9 683	21 505
Course content and subscription sales expenses		1 017	1 009	2 082	2 024	4 442
Tournament prize expenses		395	453	653	798	1 522
Employee benefit expenses		3 037	2 556	6 307	4 325	10 692
Share-based compensation expense	3	135	207	145	351	681
Consultancy fees	5	1 636	2 603	4 123	4 933	10 509
Other operating expenses	5	2 370	1 993	4 282	3 893	8 083
Depreciation, amortization and impairment	6	1 119	1 266	2 396	2 291	5 080
Other gains and losses		-229	30	-229	30	77
Total operating expenses		9 481	10 116	19 760	18 646	41 087
Operating profit (loss)		-3 583	-5 024	-7 796	-8 963	-19 583
Financial income (expense), net		2 726	46	1 658	-226	-366
Profit (loss) before tax		-857	-4 978	-6 138	-9 189	-19 948
Tax expense		-336	-198	160	351	1 135
Profit (loss)		-1 193	-5 176	-5 978	-8 838	-18 813
Earnings per share (in USD)		-0.02	-0.14	-0.11	-0.27	-0.48
Diluted earnings per share (in USD)		-0.02	-0.14	-0.11	-0.27	-0.48
Other comprehensive income						
<i>Items that will be reclassified to profit or loss:</i>						
Exchange differences on translation of foreign operations		-405	-125	55	-104	-141
<i>Items that will not to be reclassified to profit or loss:</i>						
Exchange differences on translation to USD presentation currency		-5 605	158	-6 008	429	-874
Total		-6 010	33	-5 953	325	-1 014
Total comprehensive income		-7 203	-5 143	-11 931	-8 512	-19 827

Consolidated statements of financial position

ASSETS		Unaudited	Unaudited	Audited
Amounts in USD thousands	Note	30.06.2022	30.06.2021	31.12.2021
Deferred tax assets		17	6	55
Goodwill		7 808	8 492	8 745
Intangible assets	4	14 998	17 821	18 010
Tangible and right-of-use assets		643	3 510	3 090
Non-current financial assets		44	83	137
TOTAL NON-CURRENT ASSETS		23 511	29 911	30 036
Inventory		1 275	982	1 128
Other current assets		2 383	1 487	1 636
Other current financial assets		393	425	316
Accounts receivable		1 154	1 357	1 272
Cash and cash equivalents		20 191	30 634	20 278
TOTAL CURRENT ASSETS		25 396	34 886	24 630
TOTAL ASSETS		48 907	64 797	54 666
EQUITY AND LIABILITIES		Unaudited	Unaudited	Audited
Amounts in USD thousands		30.06.2022	30.06.2021	31.12.2021
Share capital		62	66	64
Share premium		78 277	80 533	78 540
Treasury shares		-401	-467	-453
Retained earnings		-42 253	-32 137	-40 897
Other components of equity		4 749	4 834	5 004
TOTAL EQUITY		40 432	52 829	42 258
Non-current financial liabilities		398	2 787	2 457
Non-current portion of deferred revenue		715	463	511
Deferred tax liabilities		715	1 559	683
Total non-current liabilities		1 828	4 810	3 650
Current portion of deferred revenue		2 699	1 939	2 380
Accounts payable		924	1 084	2 047
Taxes payable		17	9	116
Other current financial liabilities		62	1 054	1 141
Other current liabilities		2 945	3 073	3 076
Total current liabilities		6 647	7 159	8 759
TOTAL LIABILITIES		8 475	11 968	12 409
TOTAL EQUITY AND LIABILITIES		48 907	64 797	54 666

Consolidated statements of cash flows

Amounts in USD thousands	Notes	Unaudited H1 2022	Unaudited H1 2021
Operating activities			
Profit (loss) before tax		-6 142	-9 189
Paid taxes		-	-
Depreciation and amortization		2 396	2 291
Share based compensation expense		145	351
Items classified as investing or financing activities		58	289
Other gains and losses		-229	30
<i>Working capital adjustments:</i>			
Changes in inventories		-146	57
Changes in accounts receivable		118	-300
Changes in financial assets		15	-218
Changes in other current assets		-747	-195
Changes in deferred revenue		523	191
Changes in accounts payable		-1 123	-560
Changes in other current liabilities		-139	477
Net cash provided from operating activities		-5 270	-6 775
Investing activities			
Investments in tangible and intangible assets	4	-888	-1 081
Payment for acquisitions, net of cash		-	-4 954
Transaction expenses acquisitions		-	-235
Net cash used in investing activities		-888	-6 271
Financing activities			
Capital increase from private placements		9 961	-
Capital increase from exercise of warrants		-	8 289
Principal elements of lease payments		-203	-181
Interest paid on lease agreements		-58	-53
Net cash provided by (used in) financing activities		9 700	8 055
Foreign currency effects on cash and cash equivalents		-3 628	-684
Net increase (decrease) in cash and cash equivalents		-87	-5 674
Cash and cash equivalents at the beginning of period		20 278	2 147
Cash and cash equivalents at end of period		20 191	-3 527

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 01.01.2021	61	71 906	-	4 064	100	-23 474	52 657
Profit / (-)loss for the period	-	-	-	-	-	-5 789	-5 789
Other comprehensive income that will be recycled	-	-	-	-	-104	-	-104
Other comprehensive income that will not be recycled	-	250	-2	6	-	175	429
Total comprehensive income for the period	-	250	-2	6	-104	-5 614	-5 464
<i>Transactions with owners and their capacity as owners:</i>							
Employee stock option expense	-	-	-	440	-	-	440
Share consideration Ginger GM Ltd acquisition, not registered	-	-	-	213	-	-	213
Share consideration Aimchess acquisition, not registered	-	-	-	115	-	-	115
Exercise of warrants	5	8 376	-	-	-	-	-394
Acquisition of Interchess BV	-	-	-465	-	-	-	-394
Total equity 30.06.2021	66	80 533	-2	4 839	-4	-29 088	56 343
Total equity 01.01.2022	64	78 540	-453	5 044	-41	-40 897	42 258
Profit / (-)loss for the period	-	-	-	-	-	-5 978	-5 978
Other comprehensive income that will be recycled	-	-	-	-	55	-	55
Other comprehensive income that will not be recycled	-8	-10 218	52	-455	-	4 621	-6 008
Total comprehensive income for the period	-8	-10 218	52	-455	55	-1 357	-11 931
<i>Transactions with owners and their capacity as owners:</i>							
Employee stock option expense	-	-	-	145	-	-	145
Capital increase in private placement	6	10 159	-	-	-	-	10 164
Transaction expenses related to private placement	-	-203	-	-	-	-	-203
Total equity 30.06.2022	62	78 277	-401	4 735	14	-42 253	40 432

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 Accounting principles

These condensed consolidated interim financial statements for the period ending 30 June 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for 2021 (Annual Report 2021).

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. None of the standards and interpretations effective from 1 January 2022 have had a significant impact on the Group's condensed consolidated interim financial statements. For information about other standards and interpretations effective from 1 January 2022, please refer to note 3 in the Group's Annual Report 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Note 2 Operating segments and revenue

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, Tour and partnerships, and Other Revenue.

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.

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.

Disaggregation of revenue from contracts with customers

<i>Amounts in USD thousands</i>	Q2 2022	Q2 2021	H1 2022	H1 2021	Year 2021
Courses	2 282	2 074	4 830	4 254	9 696
Subscriptions	1 021	999	2 154	2 044	4 442
Tour revenue and partnerships	2 039	1 260	3 822	2 029	4 453
Other revenue	555	760	1 158	1 357	2 914
Revenue from contracts with customers	5 897	5 092	11 964	9 683	21 505

<i>Amounts in USD thousands</i>	Q2 2022	Q2 2021	H1 2022	H1 2021	Year 2021
Point in time revenue recognition					
Courses	2 282	2 074	4 830	4 254	9 696
Subscriptions	-	-	-	-	-
Tour revenue and partnerships	916	-	1 418	-	-
Other revenue	555	760	1 158	1 357	2 904
Total point in time revenue recognition	3 754	2 833	7 405	5 610	12 600

Over time revenue recognition					
Courses	-	-	-	-	-
Subscriptions	1 021	999	2 154	2 044	4 442
Tour revenue and partnerships	1 123	1 260	2 405	2 029	4 453
Other revenue	-	-	-	-	10
Total over time revenue recognition	2 143	2 258	4 559	4 072	8 905

Note 3 Share-based compensation

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 four 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 determined based on the share price near to and at the date of the grant.

169 562 options became fully vested in H1 2022. 0 options were exercised during H1 2022 and 422 334 options were forfeited.

502 000 options were granted in H1 2022 at an average price of NOK 18.50.

Note 4 Intangible assets

<i>Amounts in USD thousands</i>	Website/ mobile technology	Courses/ content	Brand names	Trademark	Customer relationships	Total
Balance 01.01.2022	10 585	3 987	4 937	624	8 348	28 480
Capitalized employee benefit expenses/ consultancy fees	875	-	-	-	-	875
Foreign currency translation effect	-1 169	-428	-536	-66	-769	-2 968
Acquired cost 30.06.2022	10 291	3 559	4 401	558	7 579	26 388
Balance 01.01.2022	4 835	1 370	739	301	3 226	10 471
Amortization	622	400	258	60	766	2 106
Reduction amort. because of unearned Skattefunn	-36	-	-	-	-	-36
Foreign currency translation effect	-427	-232	-210	-34	-249	-1 152
Accumulated amortization 30.06.2022	4 994	1 538	787	327	3 743	11 389
Carrying value 30.06.2022	5 297	2 021	3 614	231	3 836	14 998
Estimated lifetime	5 years	5 years	3 - 20 years	5 years	5 years	
Amortization schedule	Straight line	Straight line	Straight line	Straight line	Straight line	

<i>Amounts in USD thousands</i>	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 of Interchess BV	-	667	516	-	516	1 699
Acquisition of Gloucester Publishers Ltd	-	419	314	-	314	1 046
Acquisition of Ginger GM Ltd	71	141	313	-	141	666
Acquisition of Aimchess	485	-	-	-	-	485
Capitalized employee benefit expenses/consultancy fees	1 004	-	-	-	-	1 004
Foreign currency translation effect	-42	1	3	2	14	-23
Acquired cost 30.06.2021	9 784	3 900	4 881	649	6 953	26 165
Balance 01.01.2021	3 244	644	376	183	1 841	6 288
Amortization	731	365	166	65	681	2 008
Reduction amort. because of unearned Skattefunn	42	-	-	-	-	42
Foreign currency translation effect	8	-3	-1	5	-3	6
Accumulated amortization 30.06.2021	4 025	1 006	541	253	2 519	8 344
Carrying value 30.06.2021	5 759	2 894	4 340	396	4 434	17 821
Estimated lifetime	5 years	5 years	3 - 20 years	5 years	5 years	
Amortization schedule	Straight line	Straight line	Straight line	Straight line	Straight line	

Note 5 Consultancy fees and other operating expenses

<i>Amounts in USD thousands</i>	Q2 2022	Q2 2021	H1 2022	H1 2021	2021
Consultancy fees					
Consultancy fees	1 544	2 561	3 990	4 849	10 342
Consideration in connection with M&A ¹⁾	92	42	133	84	167
Total	1 636	2 603	4 123	4 933	10 509

¹⁾ Some of Play Magnus Group's acquisitions include additional consideration and/or performance based contingent consideration (earn-out) beyond the salary or fees that are collected by the seller over normal course of engagement. In some cases, this earn-out is contingent on the seller working for the Group either as an employee or a consultant. In accordance with IFRS 3, such payments are considered part of the seller's remuneration for continuing services.

<i>Amounts in USD thousands</i>	Q2 2022	Q2 2021	H1 2022	H1 2021	2021
Other operating expenses					
Legal and audit fees	149	283	276	565	764
Travel	77	9	117	16	273
Marketing	390	385	929	981	1 802
Provision for VAT	75	50	75	50	100
Other	1 678	1 196	2 885	2 046	4 883
Legal fees in connection with M&A	-	70	-	235	261
Total	2 370	1 993	4 282	3 893	8 083

Note 6 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
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	Owms and operates the Chess24.com website	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
Goucester 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 PMGAS	2021	-	Oslo, Norway	Owms 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 30 June 2022

Shareholders	Number of ordinary shares	Total # of shares	% of shareholding
Clearstream Banking S.A.	5 526 555	5 526 555	9.0%
MagnusChess AS	5 249 303	5 249 303	8.5%
Credit Suisse (Switzerland) Ltd.	5 218 053	5 218 053	8.5%
Investinor Direkte AS	5 088 000	5 088 000	8.3%
LT Holdings Ltd	4 964 620	4 964 620	8.1%
UBS Switzerland AG	3 832 007	3 832 007	6.2%
Myrlid AS	2 478 048	2 478 048	4.0%
MP Pensjon FK	2 170 491	2 170 491	3.5%
T.D. Veen AS	1 828 777	1 828 777	3.0%
LGT Bank AG	1 754 850	1 754 850	2.9%
Idekapital AS	1 400 250	1 400 250	2.3%
State Street Bank and Trust Comp	1 100 000	1 100 000	1.8%
Others	20 841 768	20 841 768	33.9%
Total	61 452 722	61 452 722	100.0%

Note 7 Related parties

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

Note 8 Events after the reporting period

- Chessable Spain signed a new office lease in Barcelona. The new lease is at a significantly reduced rate relative to the prior lease.

Note 9 Alternative performance measures

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

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

EBITDA is defined as the profit (loss) for the year before net financial income (expenses), income tax, depreciation, and amortization.

Adjusted EBITDA is revenue less all operating expenses excluding: depreciation and amortization, share-based compensation, M&A and equity funding transaction costs, additional consideration and changes in the value of contingent consideration in relation to M&A.

Average Revenue Per Paying User (ARPPU) is the average of the monthly accounting revenue from subscriptions and courses divided by the average number of monthly paying users. Digital course sales from third parties (such as via Amazon Kindle) are not included.

Monthly Paying Users is the average in the quarter of the number of paying users each month which is comprised of users who made a purchase each month and the number of active subscribers at the end of each month. Digital course customers from third parties (such as via Amazon Kindle) are not included.

Responsibility statement

We confirm that, to the best of our knowledge, the condensed consolidated interim financial statements for the first half of 2022, which have been prepared in accordance with IAS 34 Interim Financial Reporting, give a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operation. To the best of our knowledge, the interim report for the first half of 2022 includes a fair review of important events that have occurred during the period and their impact on the condensed financial statements.

