



Play Magnus Group

Quarterly Presentation - Q3 2020

November 18th, 2020

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Today's Presenters



Andreas Thome

Chief Executive Officer



Dmitri Shneider

Chief Financial Officer

RECENT DEVELOPMENTS

Sep 28th

Completed raise of 452M NOK (combined primary and secondary)

Oct 8th

First day of trading on Merkur Market [PMG-ME]



Business Update

Quarterly Presentation - Q3 2020

November 18th, 2020



Q3 2020 and YTD in Brief

Bookings

- Bookings Q3 2020 \$1.95M up from \$0.87M* Q3 2019 (123% Y/Y)
- Bookings YTD 2020 \$5.53M up from \$2.33M* YTD 2019 (137% Y/Y)

Revenue

- Revenue Q3 2020 \$1.98M up from \$0.93M* Q3 2019 (112% Y/Y)
- Revenue YTD 2020 \$4.95M up from \$2.60M* YTD 2019 (91% Y/Y)

Monthly Paying Users

- Q3 2020 average Monthly Paying Users 35.6K up from 21.2K Q3 2019 (68% Y/Y)

ARPPU

Average Revenue per Paying User

- Q3 2020 average ARPPU \$14.4 up from \$11.6 Q3 2019 (24% Y/Y)

Guidance

- On target to reach full year 2020 Bookings of \$8M
- Expecting to reach full year 2021 Bookings of \$14M - \$16M

Cash Position

- Cash position of ~\$7M at the end of Q3 2020 and an additional NOK 299.5M** (~\$32M) from the private placement received in early Q4

Recent Highlights

Champions Chess Tour launching on Nov 22



CHAMPIONS
CHESS TOUR
2021



CHAMPIONS
CHESS TOUR
Skilling Open

Eurosport, TV2 / NRK agreements signed in Q4



iChess acquisition announced - continuation of M&A strategy

iChess.net

New executive hired - Chief Product Officer with core focus on platforms



Gerald Tan

Chief Product Officer



Strategy Recap

Quarterly Presentation - Q3 2020

November 18th, 2020



Chess is a Global Sport with Favorable Attributes

The chess market is large and increasingly moving online

650M

Chess Players
(At least once per year)

70M

Online Users



Booming

The chess market is experiencing a period of massive growth as the market increasingly shifts to digital platforms



Positive Impact

Chess is positive for health, education and promoting gender equality, making it popular in schools and attractive for brands and partners to associate with



Untapped

The chess market is the last major sport yet to be commercialized. The Play Magnus Group is the first true commercial player in the industry.



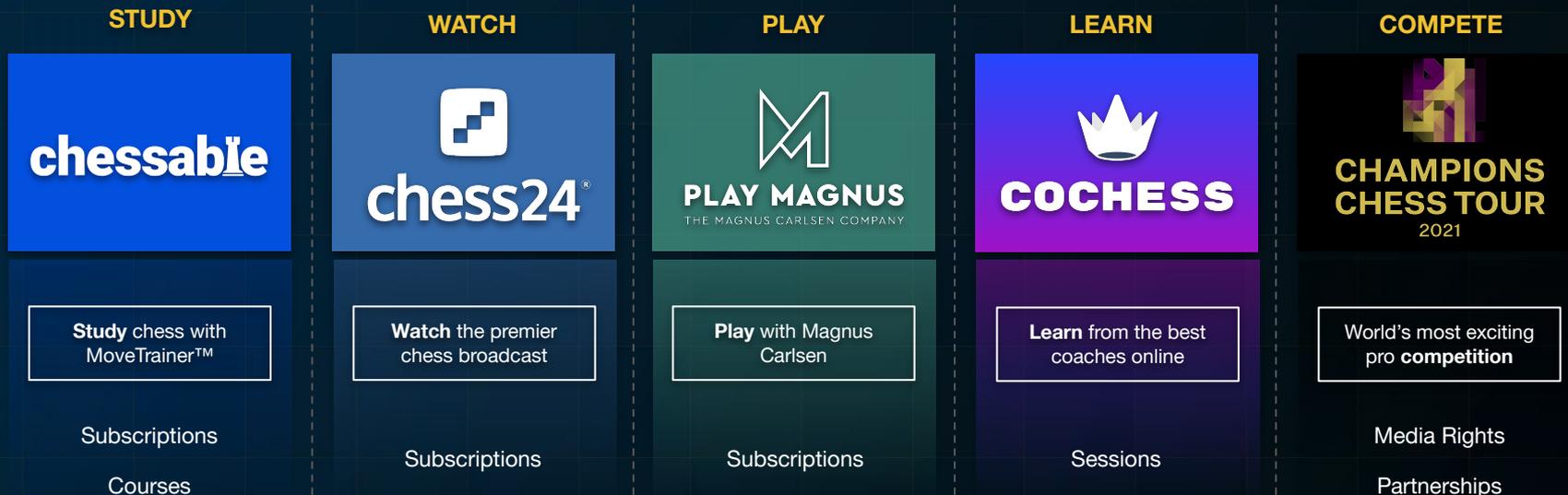
Global

Chess is played and loved globally. The Play Magnus Group serves users around the world.

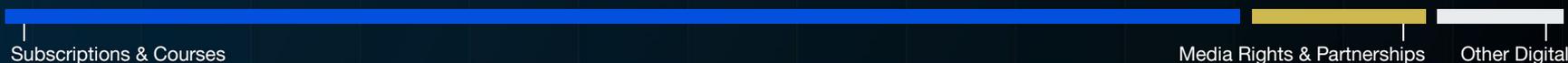
650M = YouGov / Agon 2012 Survey extrapolated for population growth
70M = Estimate based on publicly available information on chess websites

Ecosystem of Valuable Brands & Services

Play Magnus Group is focused on creating the premier experiences and services for chess



Revenue Primarily From Subscriptions and Courses



High Growth Company with Significant Potential

Annual Pro Forma Bookings 2019-2021E & Long-Term



Play Magnus Group is in the pole position to capture the chess market

3M+

Registered users
across platforms



Market-leading ecosystem
within the chess industry

650M

Chess players
addressable worldwide



High barriers to entry



~137% YTD 2020 Y/Y
bookings growth

**CHAMPIONS
CHESS TOUR**
2021

Tour is driving significant
traffic to the ecosystem

\$60M+

Long-Term 2025
bookings target



Highly scalable
business model



Recent Developments

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CHAMPIONS CHESS TOUR 2021

Bigger and better

- 10 monthly tournaments
- 9 days each
- Over 450 hours broadcast

Distribution Norway:



International studio for global distribution on:



60 countries on



Why the Tour?

Build Professional Online Chess

Generate Value of Media Rights & Partnerships

Drive Traffic to our Ecosystem

The Leading Destination for Learning Chess

Chessable innovated e-learning for chess and has built a strong, global brand in the chess world

Innovative Tool to Learn

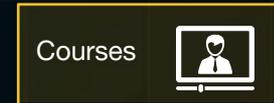
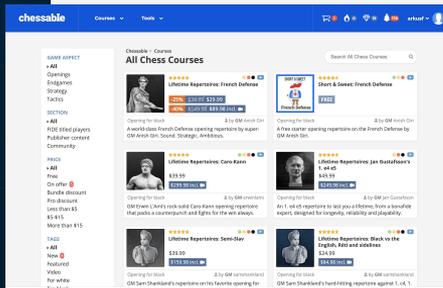
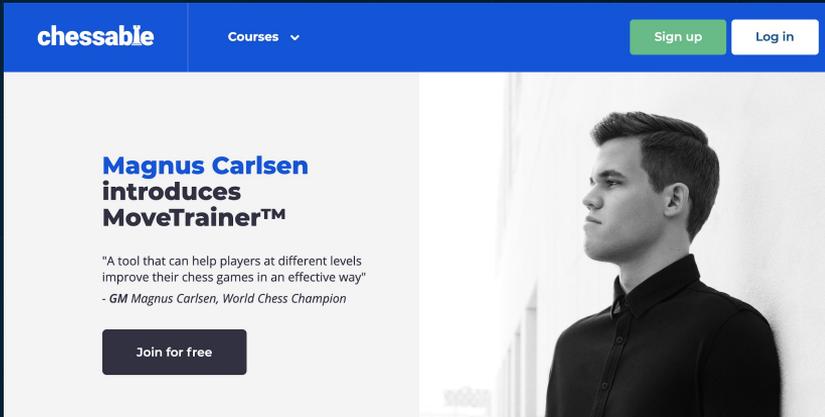
- Science-backed learning led by innovative MoveTrainer™ technology makes Chessable the place to go to learn chess

Leading Content Library

- State of the art video production and course creation featuring the world's best authors and players

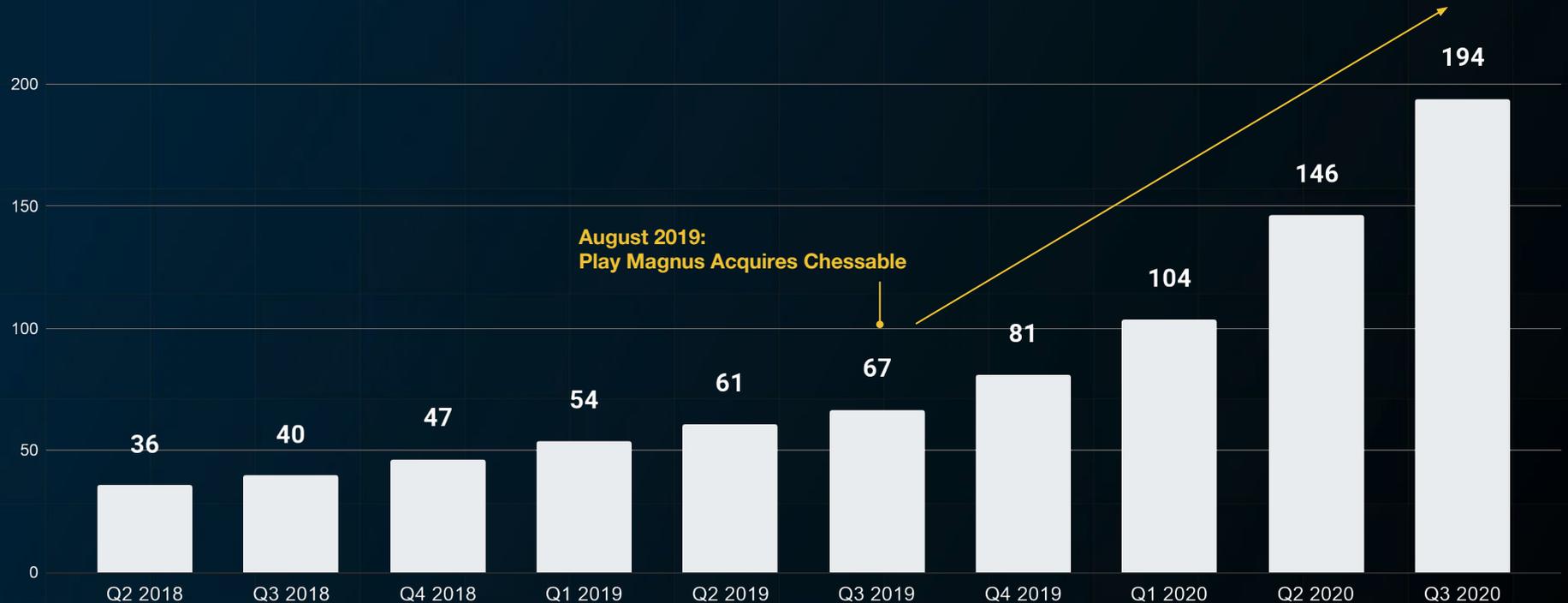
Effective Monetization for Authors

- Content ecosystem; authors bring their content to Chessable as it has superior monetization



Portfolio Enjoys Strong Marketing Synergies

Chessable Quarterly Average Registered User Base 2018-2020 (000's)



Play Magnus AS announces acquisition of iChess LLC

iChess.net

iChess.net is a US-based chess content site

- Produces, licenses and sells instructional chess videos
- Large library of video content in English and Spanish
- Strong focus on SEO, digital marketing with positive ROI
- Combination of course and subscription revenue
- ~\$800K in expected 2020 revenue and cash flow positive

Key Rationale:

CONTENT

Large content library with
~2,000 hours of video

Additional channel for
Group's content sales

KPIs

High monthly ARPPU

Loyal / repeat paying users
akin to Chessable

MARKETING

Digital marketing expertise
to benefit Group brands

Strong SEO

Terms:

- Substantially lower sales multiple than PMG-ME
- Consideration of cash and shares

Closing:

- Expected Q4

Note: Not material enough to alter guidance for 2021



Finance Update

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Highlights Q3 2020

- **Strong growth in Bookings, reaching \$5.53M 2020 YTD** up from \$2.33M* 2019 YTD, representing an increase of 137% Y/Y
- **Q3 2020 Bookings reached \$1.95M** up from \$0.87M* Q3 2019, representing an increase of 123% Y/Y
- **Strong growth in Q3 2020 average Monthly Paying Users of 35.6K** up from 21.2K in Q3 2019, representing an increase of 68% Y/Y
- **Continued improvement in Q3 2020 ARPPU of \$14.4** up from \$11.6 in Q3 2019, representing an increase of 24% Y/Y
- **Solid financial cash position with ~\$7M at the end of Q3 2020** and an additional NOK 299.5M** (~\$32M) from the private placement received in early Q4

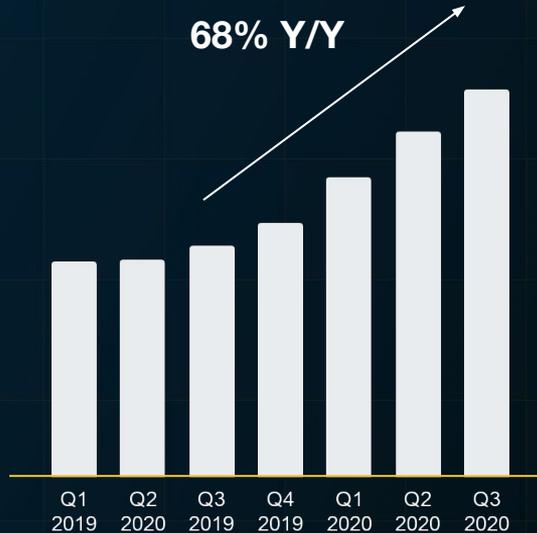
Core KPIs Continuing Strong Growth Trend

PRO FORMA FIGURES

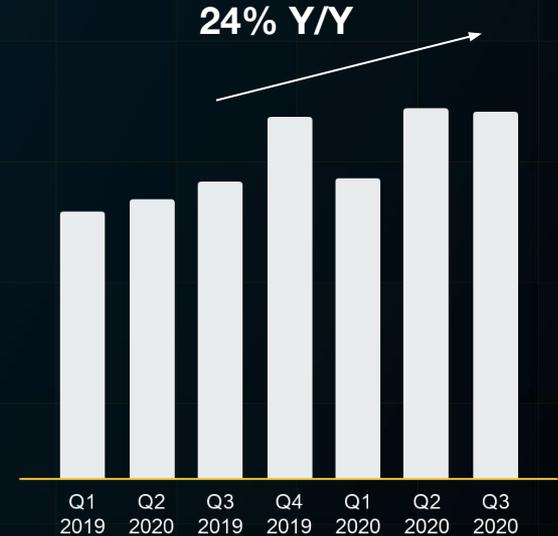
BOOKINGS



MONTHLY PAYING USERS

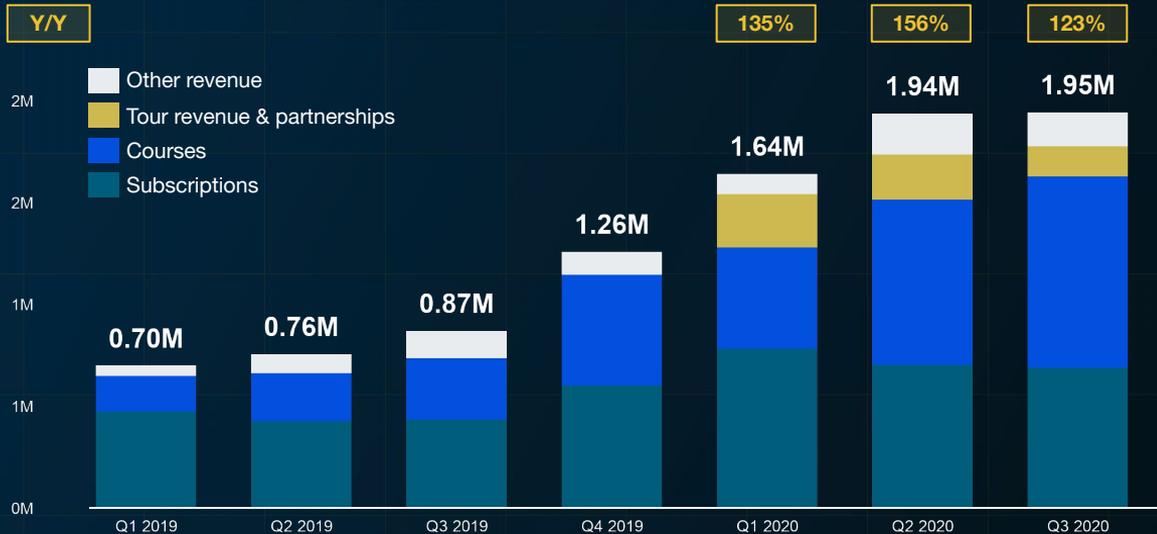


AVERAGE REVENUE PER PAYING USER

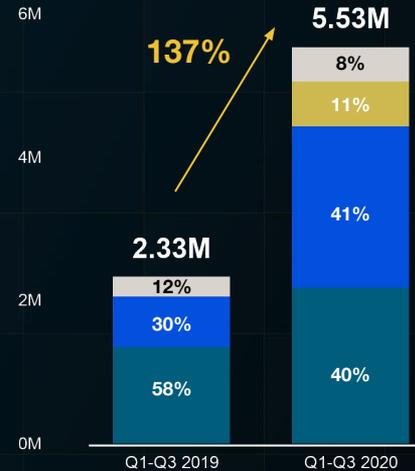


Bookings by Segment

Quarterly Bookings Q1 2019 - Q3 2020 (Pro Forma)



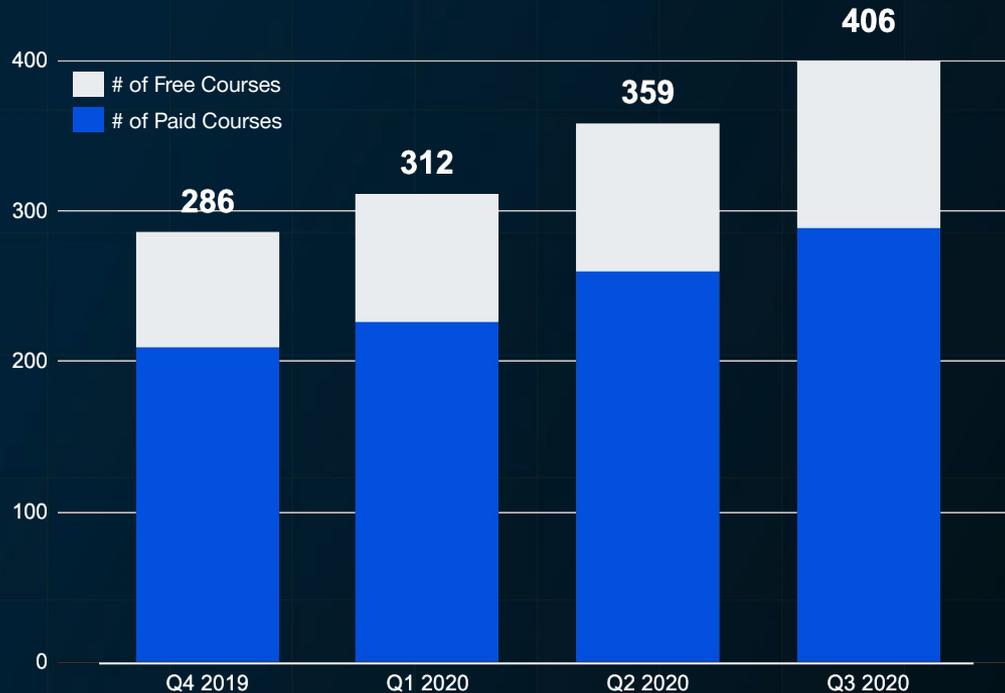
YTD Bookings Y/Y



- **Overall strong bookings growth of 137% Y/Y**
 - Course segments driving growth, up 210% Y/Y
 - Subscriptions up 62% Y/Y
 - Partnerships at ~\$600K through end of Q3. Q4 started off strong with multiple deals signed and expect more to come
 - Other revenue includes \$105K in Q2 and \$105K Q3 from in-kind contribution of ads from a media partner*
- **Q3 2020 slower Q/Q given solid growth in Q2 which was boosted by launch of the Tour**
- **Expect 4Q strength inline with seasonality and helped by Champions Chess Tour and the Queen's Gambit Netflix show popularity**

Library of Content Continues to Grow...

Q4 2019 - Q3 2020 Cumulative Number of Published Courses on Chessable



289 Paid Courses

117 Free Courses

983 Hours of Video Content

...Driven by Chessable Originals and Publisher Content

Chessable Originals

Chessable > Courses > Chess Openings
Lifetime Repertoires: French Defense
MoveTrainer™ Opening course by GM Anish Giri ★★★★★

Buy for \$39.99 Buy with video \$149.98

Like 72 Share Tweet 233

Course Options
Add to my wishlist

Course stats
For: black pieces
Recommended for:
● Intermediate players
● Advanced players
● Expert players

Language: English
Instruction: 56,917 words
Paid video: 11 hours and 41 minutes
Free video: 1 hour and 16 minutes

Chessable original course with top 10 player

Exclusively available on Chessable

MoveTrainer™
\$39.99

MoveTrainer™ + Video
\$149.98
(\$74.99 on sale)

Publisher Content

Chessable > Courses > Chess Tactics
The Art of Attack in Chess
MoveTrainer™ Tactics/Strategy course by Everyman Chess & IM Vukovic and presented by GM GingerGM ★★★★★

Buy for \$24.99 Buy with video \$199.98

Like 74 Share Tweet 449

Course Options
Add to my wishlist

Course stats
For: both pieces
Recommended for:
● Casual players
● Intermediate players
● Advanced players
● Expert players

Language: English
Instruction: 125,880 words

Classic chess book from 1965

Available on Kindle (\$9.99) and Paperback (\$22.99)

MoveTrainer™
\$24.99

MoveTrainer™ + Video
\$199.99
(\$99.99 on sale)

Accelerating Growth in Monthly Paying Users

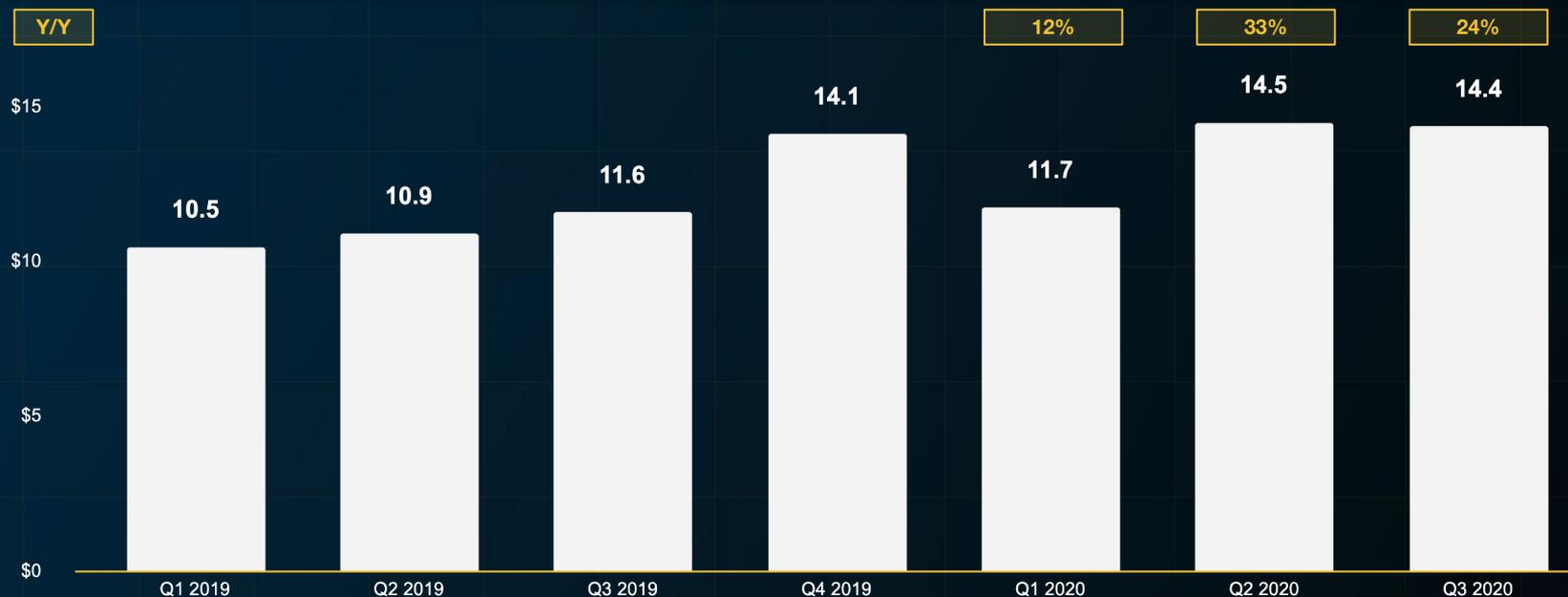
Quarterly Average Monthly Paying Users Q1 2019 - Q3 2020 (Pro Forma)



- Steady growth in monthly paying users throughout summer months, helped by:
- Traffic from Champions Chess Tour
 - Top tier content creators publishing their first courses on Chessable

Average Spend by Paying Users Growing Y/Y

Quarterly Average ARPPU Q1 2019 - Q3 2020 (Pro Forma)



- ARPPU Y/Y growth driven by improving product mix, primarily due to Chessable
- Increased sales of premium content as more video courses by high profile content creators were published

Bookings to Accounting Revenue Bridge

Q1 higher bookings vs. accounting revenue, primarily due to:

- Chessable Lifetime PRO membership sale, with revenue recognized over three years
- Merck partnership booked in Q1 2020 and which is recognized over one year

| Amounts in USD | Q3 2020 | Q2 2020 | Q1 2020 | YTD 2020 |
|---------------------------------|------------------|------------------|------------------|------------------|
| Bookings | 1,946,032 | 1,938,501 | 1,644,338 | 5,528,871 |
| Net change unrecognized revenue | -30,607 | 108,766 | 498,446 | 576,605 |
| Accounting Revenue | 1,976,639 | 1,829,735 | 1,145,892 | 4,952,266 |

Profit & Loss

- Adjusted EBITDA at approximately -\$0.5M per month in Q3 and average of -\$0.3M per month in H1
- Increased investment in Q3 with new hires and Tour
- Q3 operating expenses, especially legal and accounting, elevated due to Merkur Market listing, and Q4 expected to be as well
- Marketing expense of ~\$105K in Q3 due to in-kind contribution of ads from media partner (also recognized as revenue). Another ~\$105K of ads expected in Q4.
- Merkur Market listing in Q4 is a trigger event that will increase share-based compensation and employee benefit expenses due to vesting of options

Accounting principles used in 2020 are the same as those used in the 2019 Financial Statements

| Amounts in USD | 3-months | 9-months | Year |
|--|-------------------|-------------------|-------------------|
| | ending | ending | |
| | 30 Sept | 30 Sept | |
| | 2020 | 2020 | 2019 |
| | UNAUDITED | UNAUDITED | AUDITED |
| Revenue from customers | 1,976,639 | 4,952,265 | 2,925,598 |
| Total operating revenue | 1,976,639 | 4,952,265 | 2,925,598 |
| Course content and subscription sales expenses | 433,747 | 1,100,418 | 546,979 |
| Tournament prize expenses | 497,388 | 1,107,492 | - |
| Employee benefit expenses | 532,092 | 1,305,279 | 1,161,800 |
| Other operating expenses | 2,001,804 | 4,301,236 | 2,644,604 |
| Core operating expenses | 3,465,031 | 7,814,425 | 4,353,383 |
| Adjusted EBITDA | -1,488,392 | -2,862,160 | -1,427,784 |
| Depreciation and amortization | 806,322 | 2,253,118 | 2,143,559 |
| Adjusted operating profit (loss) | -2,294,714 | -5,115,278 | -3,571,343 |
| Share-based compensation expense | 451,962 | 791,555 | 676,751 |
| Equity funding transaction expenses | 139,423 | 679,222 | - |
| Loss on contingent consideration | 23,820 | 881,901 | - |
| Other Expenses | 615,206 | 2,352,678 | 676,751 |
| Operating profit (loss) | -2,909,920 | -7,467,957 | -4,248,094 |
| Financial income (expense), net | -7,593 | -276,872 | -214,590 |
| Profit (loss) before tax | -2,917,514 | -7,744,829 | -4,462,684 |

Strong Cash Position - Balance Sheet (1)

| ASSETS Amounts in USD | 30.09.2020 UNAUDITED | 31.12.2019 AUDITED |
|----------------------------------|--------------------------------|------------------------------|
| Deferred tax assets | 35,280 | 13,049 |
| Goodwill | 6,377,928 | 6,887,200 |
| Intangible assets** | 12,684,709 | 14,310,771 |
| Tangible and right-of-use assets | 993,354 | 658,846 |
| Non-current financial assets | 45,861 | 58,611 |
| TOTAL NON-CURRENT ASSETS | 20,137,133 | 21,928,477 |
| Other current assets | 675,190 | 146,260 |
| Other current financial assets | 217,225 | 240,727 |
| Accounts receivable | 242,614 | 104,067 |
| Cash and cash equivalents | 7,014,406 | 2,147,358 |
| TOTAL CURRENT ASSETS | 8,149,435 | 2,638,413 |
| TOTAL ASSETS | 28,286,568 | 24,566,890 |

- **Strong cash position with ~\$35M as of Nov 15**
 - \$7M in cash as of 30/9/2020
 - NOK 299.5M* (~\$32M) received in Q4 from private placement
- Goodwill impacted by FX movement
 - NOK weakened by ~7.5% vs. USD since 31/12/2019

Accounting principles used in 2020 are the same as those used in the 2019 Financial Statements

*Transaction fees not deducted

**Capitalized employee and consultant fees were USD 621,452 in 3Q and USD 1,489,542 YTD 2020

Balance Sheet (2)

| EQUITY AND LIABILITIES | 30.09.2020 | 31.12.2019 |
|---|-------------------|-------------------|
| Amounts in USD | UNAUDITED | AUDITED |
| Share capital | 39,956 | 31,593 |
| Share premium | 33,930,952 | 21,948,160 |
| Retained earnings | -14,382,108 | -7,056,808 |
| Other components of equity | 2,886,933 | 1,800,662 |
| TOTAL EQUITY | 22,475,733 | 16,723,606 |
| Non-current financial liabilities | 655,739 | 455,880 |
| Non-current portion of deferred revenue | 80,351 | 61,197 |
| Deferred tax liabilities | 1,513,737 | 1,644,996 |
| Total non-current liabilities | 2,249,828 | 2,162,073 |
| Convertible loan | - | 1,889,161 |
| Current portion of deferred revenue | 1,244,702 | 725,866 |
| Accounts payable | 955,468 | 207,764 |
| Taxes payable | - | - |
| Other current financial liabilities | 194,452 | 1,915,749 |
| Other current liabilities | 1,166,385 | 942,671 |
| Total current liabilities | 3,561,007 | 5,681,210 |
| TOTAL LIABILITIES | 5,810,834 | 7,843,284 |
| TOTAL EQUITY AND LIABILITIES | 28,286,568 | 24,566,890 |

Accounting principles used in 2020 are the same as those used in the 2019 Financial Statements

Top 20 Shareholders

As of November 16, 2020

| Shareholder | % |
|---|------|
| LT Holdings Ltd | 9.5% |
| Magnusches AS | 9.5% |
| Morgan Stanley & Co. LLC | 8.8% |
| Investinor AS | 7.3% |
| Myrlid AS | 5.6% |
| UBS Switzerland AG | 4.9% |
| MP Pensjon PK | 4.6% |
| T.D.Veen AS | 4.2% |
| Skandinaviska Enskilda Banken AB | 2.7% |
| Idekapital AS | 2.3% |
| State Street Bank and Trust Comp | 2.3% |
| Verdipapirfondet DNB SMB | 2.3% |
| Espen Agdestein AS | 2.0% |
| David Tenemaza Kramaley | 2.0% |
| Merrill Lynch | 1.5% |
| AS Straen | 1.2% |
| LGT Bank AG | 1.2% |
| Carnegie Investment Bank AB | 1.1% |
| Ro Invest AS | 1.0% |
| SEB Prime Solutions Sissener Canopus Fund | 1.0% |

Total # Shares outstanding: 52,133,800
+28,700 shares from exercised subscription rights*

Investors: 1,324

Warrants outstanding: 4,271,600

Note: Some shareholders listed under nominee account names

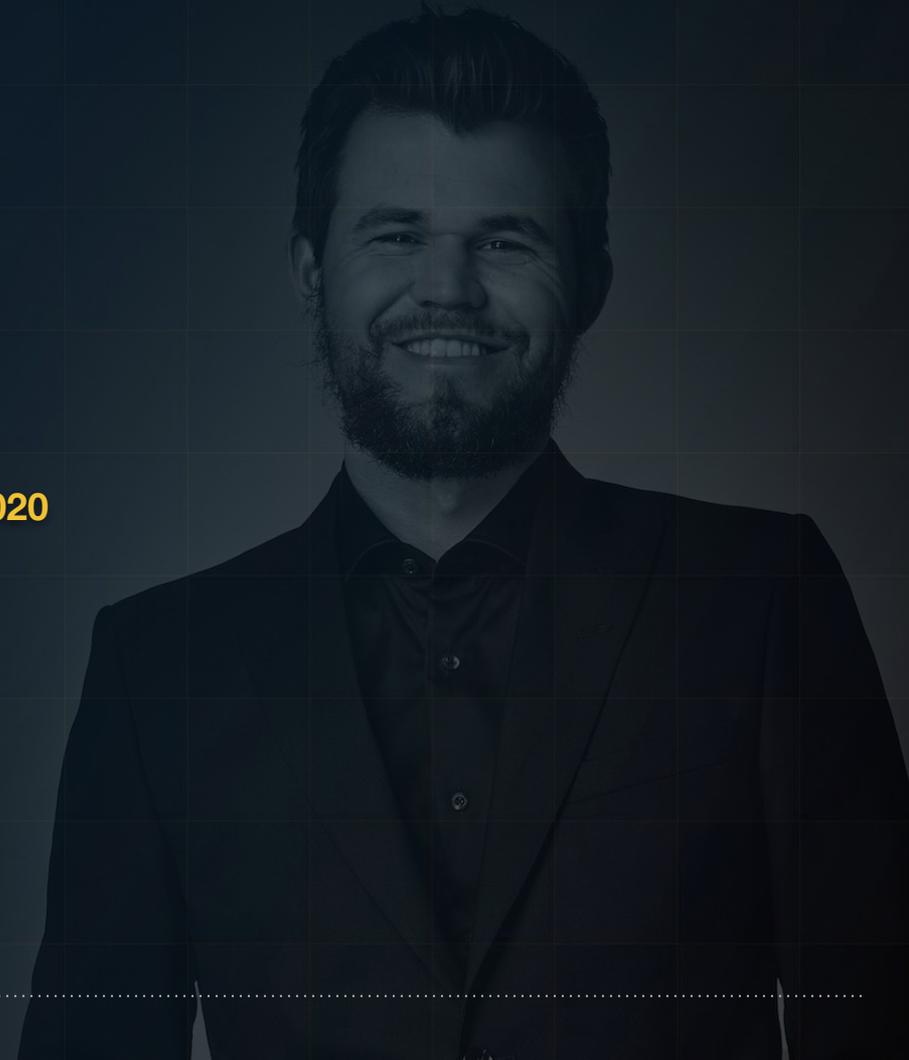
**shares from exercised subscription rights not yet reflected in VPS*



Q&A

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Play Magnus Group is in the pole position to capture the chess market

3M+

Registered users
across platforms



Market-leading ecosystem
within the industry

650M

Chess players
addressable worldwide



High barriers to entry



~137% YTD 2020 Y/Y
bookings growth

**CHAMPIONS
CHESS TOUR**
2021

Tour is driving significant
traffic to the ecosystem

\$60M+

Long-Term 2025
bookings target



Highly scalable
business model

Key Definitions

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 contract. Accounting revenue is recognized at the time of delivery of the service.

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

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

Pro Forma numbers include chess24 and Chessable financials for the full year 2019. chess24 was acquired in February 2019 and Chessable in August 2019.