

# OFFER DOCUMENT

Offer to acquire all the shares in



**PLAY MAGNUS AS**

made by

**Chess Growthco LLC**

a company indirectly wholly owned by Chess.com, LLC



## **Offer Price:**

NOK 13.00 per Share with settlement in cash

Eligible Rollover Shareholders are entitled to elect to receive some or all of the consideration in Consideration Shares (both terms as defined herein)

## **Offer Period:**

From and including 7 September 2022 to 5 October 2022 at 16:30 (CEST)

## **Receiving Agent:**

Skandinaviska Enskilda Banken AB (publ), Oslo Branch

The date of this offer document is 6 September 2022

**This Offer is not being made and does not constitute an offer or solicitation in any jurisdiction or to any person where the making, solicitation or acceptance of the Offer would be subject to restrictions or in violation of the laws or regulations of such jurisdiction.**

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## IMPORTANT INFORMATION

This Offer Document has been prepared in connection with the Offer made by Chess Growthco LLC to acquire all shares in Play Magnus AS on the terms and conditions set out herein. This Offer Document has been prepared in the English language only. The Offer is not subject to the rules of chapter 6 of the Norwegian Securities Trading Act. This Offer Document has not been reviewed or approved by Oslo Børs ASA or any other regulatory authority.

The information included in this Offer Document is current as of the date hereof and is subject to change, completion or amendment without notice. The distribution of this Offer Document does not imply in any way that the information included herein continues to be accurate and complete at any date subsequent to the date of this Offer Document. The information in this Offer Document has been furnished solely for the purpose of the Offer and may not be relied upon for any other purposes.

With the exception of the Offeror, no Person is entitled or authorised to provide any information or make any representations in connection with the Offer other than the information included in this Offer Document. If such information or representation is provided or made by any other Person than the Offeror, such information or representation, as the case may be, should not be relied upon as having been provided or made by or on behalf of the Offeror.

Eligible shareholders of Play Magnus ("**PM Shareholders**") must rely upon their own examination of this Offer Document. Each PM Shareholder should study this Offer Document carefully in order to be able to make an informed and balanced assessment of the Offer and the information that is discussed and described herein. PM Shareholders should not construe the contents of this Offer Document as legal, tax or accounting advice, or as information necessarily applicable to each PM Shareholder. Each PM Shareholder is urged to seek independent advice of its own financial and legal advisors prior to making a decision to accept the Offer.

The Offer is directed to all PM Shareholders who may legally receive this Offer Document and accept the Offer. In this respect further reference is made to the "Offer Restrictions" set out below. Copies of this Offer Document will be distributed to the PM Shareholders registered in the shareholders register in the Norwegian central securities depository, Euronext Securities Oslo (the "**VPS**") as of the date of this Offer Document, except for PM Shareholders in jurisdictions where this Offer Document may not be lawfully distributed, and are available free of charge at the office of the Receiving Agent.

Information on the Company and/or the PM Group presented in this Offer Document is solely extracted from the Company's website, publicly available financial statements and financial reports, as well as other material concerning the PM Group which is available in the public domain. The Offeror disclaims any responsibility and liability for the accuracy or completeness of the Offer Document in terms of the information on the Company and/or the PM Group. The delivery of this Offer Document shall not under any circumstances imply that there has been no change in the affairs of the Offeror, Play Magnus or the PM Group after the date hereof or that the information in this Offer Document or in the documents referred to herein is correct as of any time subsequent to the dates hereof or thereof.

The Offeror reserves the right to, and may exercise the right to, acquire PM Shares outside the Offer before, during and after the Offer Period, provided that such transactions comply with the Transaction Agreement (including the obligation described under section 1.7.5 (*Higher consideration*)) and applicable laws and regulations. The Offeror will publicly disclose such purchases to PM Shareholders, to the extent required by Norwegian and other applicable laws, in accordance with the procedures described under section 1.16 (*Announcements in relation to the Offer*) below.

This Offer Document and the Offer are governed by Norwegian law and any disputes arising out of, or in connection with, the Offer or this Offer Document (whether contractual or non-contractual) shall have Oslo District Court as the exclusive legal venue for resolution in first instance.

## OFFER RESTRICTIONS AND RESTRICTED DISTRIBUTION OF THE OFFER DOCUMENT

The Offer and this Offer Document are not to be regarded as an offer, whether directly or indirectly, in jurisdictions where, pursuant to legislation and regulations in such relevant jurisdictions, such an offer would be prohibited. PM Shareholders not resident in Norway wanting to accept the Offer must make inquiries regarding relevant and applicable legislation, including but not limited to whether public consent is required and any possible tax consequences. The Offer is not made to, either directly nor indirectly or on behalf of, PM Shareholders in any jurisdiction where presenting the Offer or acceptance thereof would be in conflict with the laws of such jurisdictions including, but not limited to, PM Shareholders present in, with registered or mailing addresses in, or who are citizens of Canada, Australia, New Zealand, South Africa, Hong Kong or Japan (the "**Restricted Jurisdictions**") and the Offeror retains the right not to accept acceptances of the Offer from such PM Shareholders.

This Offer Document, the acceptance forms as included in Appendix 2 A and B of this Offer Document (together, the "**Acceptance Forms**") and other documents or information relating to this Offer Document or to the Offer are not being and must not be mailed, communicated, or otherwise distributed in or into Restricted Jurisdictions by any shareholder, any broker-dealer, bank or other intermediaries holding PM Shares on behalf of any beneficial shareholder, or any other Person in any manner whatsoever. Persons receiving such documents or information (including, without limitation, custodians, nominees and trustees) should not distribute or send them in or into a Restricted Jurisdiction or use mails or any means, instrument or facility of a Restricted Jurisdiction in responding to the Offer or otherwise in connection with the Offer.

Any failure to comply with these restrictions may constitute a violation of applicable securities laws. It is the responsibility of all persons obtaining the Offer Document, the Acceptance Forms or other documents relating to this Offer Document or to the Offer or into whose possession such documents otherwise come, to inform themselves of and observe all such restrictions. Any recipient of this Offer Document who is in any doubt in relation to these restrictions should consult his or her professional advisors in the relevant jurisdiction. The Offeror does not accept or assume any responsibility or liability for any violation by any Person whomsoever of any such restriction.

This Offer Document does not represent an offer to acquire or obtain securities other than PM Shares.

### **Canada**

Neither this Offer Document nor any copy of it may be taken or transmitted into Canada or distributed or redistributed in Canada or to any individual outside Canada who is a resident of Canada, except in compliance with applicable rules.

### **Australia**

The Offer is not being made directly or indirectly in or into and may not be accepted in or from Australia. Accordingly, if any copies of this Offer Document (and any accompanying documents) are mailed or otherwise distributed or sent in or into Australia, that action does not constitute an offer and any purported acceptance by or on behalf of an Australian resident will be invalid.

No document in connection with the Offer has been lodged with the Australian Securities & Investments Commission ("**ASIC**") and ASIC has not approved the Offer in Australia.

### **Japan**

Neither this Offer Document nor any copy of it may be taken or transmitted into Japan or distributed or redistributed in Japan or to any resident thereof for the purpose of solicitation of subscription or offer for sale of any securities or in the context where its distribution may be construed as such solicitation or offer.

## United States

U.S. Shareholders (as defined below) are advised that the PM Shares are not listed on a U.S. securities exchange and that the Company is not subject to the periodic reporting requirements of the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"), and is not required to, and does not, file any reports with the U.S. Securities and Exchange Commission (the "**SEC**") thereunder. The Offer is being made to PM Shareholders resident in the United States ("**U.S. Shareholders**") on the same terms and conditions as those made to all other PM Shareholders to whom an offer is made. Any information documents, including this Offer Document, are being disseminated to U.S. Shareholders on a basis comparable to the method that such documents are provided to other PM Shareholders to whom an offer is made. The Offer is being made by the Offeror and no one else.

This Offer Document does not constitute an offer to sell or issue, or the solicitation of an offer to buy or subscribe for, securities in the United States. The Consideration Shares (as defined herein) have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state or jurisdiction in the United States and may not be offered or sold in the United States absent registration or an exemption from registration. Consequently, Consideration Shares are not being offered, sold or delivered, directly or indirectly, in or into the United States if to do so would constitute a violation of the U.S. Securities Act.

The Offer relates to shares of a Norwegian company listed and trading on Euronext Growth Oslo and is subject to the legal provisions regarding the implementation and disclosure requirements for such an offer, which differ substantially from the corresponding legal provisions of the United States. For example, the financial statements and certain financial information in this Offer Document have been determined in accordance with the International Financial Reporting Standards, as adopted by the EU ("**IFRS**"), and may therefore not be comparable to the financial statements or financial information of U.S. companies and other companies whose financial information is determined in accordance with the generally accepted accounting principles of the United States.

The Offer is being made to U.S. Shareholders pursuant to Section 14(e) and Regulation 14E under the U.S. Exchange Act as a "Tier II" tender offer, and otherwise in accordance with the requirements of Norwegian law. Accordingly, the Offer is subject to disclosure and other procedural requirements, including with respect to the offer timetable, that are different from those that would be applicable under U.S. domestic tender offer procedures and law. Furthermore, the payment and settlement procedure with respect to the Offer will comply with established practice in the Norwegian market, which differ from payment and settlement procedures customary in the United States, particularly with regard to the payment date of the consideration.

Pursuant to an exemption from Rule 14e-5 under the U.S. Exchange Act, the Offeror and its Affiliates or brokers (acting as agents for the Offeror or its Affiliates, as applicable) may from time to time, and other than pursuant to the Offer, directly or indirectly, purchase or arrange to purchase, PM Shares or any securities that are convertible into, exchangeable for or exercisable for such PM Shares outside the United States during the period in which the Offer remains open for acceptance, so long as those acquisitions or arrangements comply with applicable Norwegian law and practice and the provisions of such exemption. Please see section 1.22 (*Acquisition of PM Shares outside the Offer*) below. To the extent information about such purchases or arrangements to purchase is made public in Norway, such information will be disclosed in English by means of a press release or other means reasonably calculated to inform U.S. Shareholders of such information.

It may be difficult for U.S. Shareholders to enforce their rights and claims under U.S. federal securities laws because Play Magnus is a Norwegian company and some or all of its officers and directors are resident outside of the United States. PM Shareholders may not be able to sue Play Magnus or its officers or directors in a non-U.S. court for violations of the U.S. securities laws and it may be difficult to compel Play Magnus and its officers or directors to subject themselves to a U.S. court's judgment.

The receipt of cash or Consideration Shares pursuant to the Offer by a U.S. Shareholder may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other, tax laws. Each U.S. Shareholder is urged to consult its own legal, tax and financial advisors in connection with making a decision regarding the Offer. Neither the Offeror nor any of its directors, officers or employees accept responsibility for any tax effects on or liabilities of any Person as a result of the acceptance of the Offer. This document does not include any information in respect of overseas taxation.

NEITHER THE SEC NOR ANY U.S. STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE OFFER, OR PASSED ANY COMMENT UPON THE ADEQUACY OR COMPLETENESS OF THIS OFFER DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE IN THE UNITED STATES.

### **General**

PM Shareholders wishing to accept the Offer must not use mails or any means in or of the Restricted Jurisdictions, instrument or facility for any purpose directly or indirectly relating to the acceptance of the Offer in or from the Restricted Jurisdictions. Envelopes containing acceptance forms may not be postmarked in the Restricted Jurisdictions or otherwise dispatched from those jurisdictions and all acceptors must provide addresses outside of those jurisdictions for receipt of the Offer Price, Consideration Shares or the return of any Acceptance Form, as the case may be.

### **FORWARD-LOOKING STATEMENTS**

This Offer Document contains certain statements about the Company and the Offeror that are or may be forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as "may", "will", "seek", "continue", "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe" or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding the Company or the Offeror's future financial position, income growth, assets, impairment charges, business strategy, leverage, payment of dividends, projected levels of growth, projected costs, estimates of capital expenditures, and plans and objectives for future operations and other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, Norwegian domestic and global economic and business conditions, the effects of volatility in credit markets, market-related risks such as changes in interest rates and exchange rates, effects of changes in valuation of credit market exposures, the policies and actions of governmental and regulatory authorities, changes in legislation, the further development of standards and interpretations under IFRS applicable to past, current and future periods, the outcome of pending and future litigations, the success of future acquisitions and other strategic transactions and the impact of competition – a number of such factors being beyond the Company's and the Offeror's control. As a result, actual future results may differ materially from the plans, goals, and expectations set forth in these forward-looking statements. Any forward-looking statements made herein speak only as of the date they are made. The Offeror disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this Offer Document to reflect any change in the Offeror's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

## DEFINITIONS AND GLOSSARY OF TERMS

<b>Acceptance:</b>	Acceptance of the Offer by a PM Shareholder.
<b>Acceptance Forms:</b>	The forms of acceptance to be used by PM Shareholders when accepting the Offer included in <u>Appendix 2 A</u> (to be used by all PM Shareholders other than Eligible Rollover Shareholders) and in <u>Appendix 2 B</u> (solely to be used by Eligible Rollover Shareholders), collectively.
<b>Acceptant:</b>	Any PM Shareholder who accepts the Offer.
<b>Affiliate:</b>	With reference to a specified Person, a Person that, directly or indirectly, controls, is controlled by, or is under common control with, a specified Person. The term "control" (including its correlative meanings "controlled by" and "under common control with") shall mean the ability, directly or indirectly, to direct the management or policies of another body corporate, whether through ownership of voting rights or otherwise (excluding, in the case of the Offeror, any investee or portfolio company of any fund sponsored, advised or managed by GA and its Affiliates).
<b>Anti-Money Laundering Legislation:</b>	The Norwegian Money Laundering Act of 1 June 2018 no. 23 and the Norwegian Money Laundering Regulations of 14 September 2018 no. 1324.
<b>ASIC:</b>	Australian Securities & Investments Commission.
<b>Board:</b>	The board of directors of Play Magnus.
<b>Board Recommendation:</b>	The recommendation of the Offer by the Board as set out in <u>Appendix 3</u> to the Offer Document.
<b>Business Day:</b>	A day other than a Saturday or Sunday on which banks are open for general business in Oslo, Norway, and New York, United States.
<b>Chess.com:</b>	Chess.com, LLC, a Delaware limited liability company being the parent company of the Offeror.
<b>Chess Group:</b>	The Parent and its direct and indirect subsidiaries, including, but not limited to, Chess.com and the Offeror.
<b>Chess Growthco or the Offeror:</b>	Chess Growthco LLC, a limited liability company incorporated and existing under the laws of Delaware, the United States.
<b>Chess LLC Agreement:</b>	The second amended and restated limited liability company agreement of the Parent, dated 24 August 2022, to which Rollover LLC must accede.
<b>Competing Offer:</b>	Any bona fide, unsolicited offer or proposal to acquire (i) more than 2/3 of the PM Shares, (ii) more than 2/3 of the PM Group's total assets based on the latest approved annual accounts, or (iii) any of the PM Group's assets representing more than 2/3 of the PM Group's revenue, earnings before interests, taxes, depreciation and amortization or net income, on an annual basis based on the latest approved annual accounts, whichever is lower, whether by way of a merger, consolidation, asset sale, purchase of shares, tender offer or other business combination or otherwise, other than any offer, proposal or indication of interest made by or on behalf of the Offeror, including any transaction which is reasonably likely to prevent



or frustrate the Offer or any Matching Offer from proceeding.

<b>Compulsory Acquisition:</b>	The acquisition by the Offeror pursuant to section 4-26 of the Norwegian Private Companies Act of the remaining PM Shares, to be effected if and following the Offeror becoming owner of at least 90% of all PM Shares.
<b>Consideration Shares:</b>	Ordinary interests of Rollover LLC (which will hold Class A units of the Parent), which Eligible Rollover Shareholders may elect to receive as full or partly settlement under the Offer, see sections 1.13.2 ( <i>Share consideration</i> ) below.
<b>Eligible Rollover Shareholders:</b>	PM Shareholders who (together with any Affiliate) hold more than 0.5% of the fully diluted share capital of Play Magnus as of 24 August 2022 and/or 6 September 2022.
<b>Existing MC Agreements:</b>	The brand agreement dated 17 December 2018, entered into between the Company, Magnuschess AS and Magnus Carlsen with respect to the use of the Magnus Carlsen brand, and (ii) the cooperation agreement dated 17 February 2022 entered into between the Company and Magnuschess AS with respect to the sponsorship by Puma.
<b>GA:</b>	Investment entities affiliated with General Atlantic, L.P., collectively, the largest indirect shareholder of Chess.com.
<b>Higher Consideration:</b>	Has the meaning ascribed to such term in section 1.7.5.
<b>IFRS:</b>	The International Financial Reporting Standards, as adopted by the EU.
<b>IRS:</b>	The U.S. Internal Revenue Service.
<b>ISIN:</b>	International Securities Identification Number.
<b>Long Stop Date:</b>	24 November 2022 (subject to extension by the Offeror in its sole discretion by up to three months if any approvals or reviews by applicable regulatory authorities in connection with the Offer are pending at such date), or a later date mutually agreed in writing between Play Magnus and the Offeror, the date on which the Offer terminates if the Offeror has not publicly announced that the closing conditions set out under section 1.6 ( <i>Conditions to the Offer</i> ) are satisfied or waived by the Offeror.
<b>Matching Offer:</b>	An amended Offer of which (i) the Offer Price is at least equal to the offer price in the Superior Competing Offer and (ii) the other material terms and conditions are, as determined by the Board in its sole discretion in accordance with its fiduciary duties, in good faith and after consultation with its financial advisors and outside legal counsel, taking into account all aspects of the relevant offers, not in the aggregate less favourable than those under the Superior Competing Offer.
<b>Material Adverse Change:</b>	Any fact, circumstance, development, event or change, which individually or in aggregate, is or is reasonably likely to be, materially adverse to the business, assets, operations, condition (financial or otherwise), or result of operations of the PM Group (taken as a whole), excluding facts, circumstances, developments, events or changes related to or resulting from (A) changes that generally affect the political environment, the economy or the credit, debt, financial or capital markets (save to the extent that the PM Group is disproportionately affected by such

changes when compared to industry peers), (B) changes that affect generally the industry in which the PM Group operates (save to the extent that the PM Group is disproportionately affected by such changes when compared to industry peers), (C) changes in legal or regulatory conditions, applicable law, or statutory accounting principles (save to the extent that the PM Group is disproportionately affected by such changes when compared to industry peers), (D) the announcement, existence or completion of the Offer or any action taken by the Offeror or its Affiliates, or (E) any decline in the market price, or change in the trading volume of the Shares, unless caused by a Material Adverse Change.

<b>MC Agreement:</b>	The agreement entered into on 24 August 2022 by Chess.com and Magnuschess AS relating to Magnus Carlsen's role in the Chess Group following completion of the Offer, with effectiveness as of the Settlement Date.
<b>NOK:</b>	Norwegian kroner, the lawful currency of the Kingdom of Norway.
<b>Non-Norwegian Shareholders:</b>	Shareholders who are not resident in Norway for tax purposes.
<b>Norwegian Corporate Shareholders:</b>	Shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes.
<b>Norwegian Personal Shareholders:</b>	Shareholders who are Norwegian private individuals.
<b>Norwegian Private Companies Act:</b>	The Norwegian Act relating to Private Limited Liability Companies of 13 June 1997 no. 44, as amended.
<b>Norwegian Register of Business Enterprises:</b>	The Norwegian register of business enterprises at Brønnøysund, Norway.
<b>Norwegian Securities Trading Act:</b>	The Norwegian Securities Trading Act of 29 June 2007 no. 75, as amended.
<b>Offer:</b>	The recommended tender offer by Chess Growthco to purchase all of the outstanding PM Shares upon the terms and subject to the conditions set out in this Offer Document and the Acceptance Forms.
<b>Offer Document:</b>	This Offer Document with appendices.
<b>Offer Period:</b>	The period when PM Shareholders may accept the Offer, running from and including 7 September 2022 to 16:30 (CEST) on 5 October 2022 (or such later date as extended).
<b>Offer Price:</b>	NOK 13.00 in cash per PM Share, subject to adjustment pursuant to the terms and conditions of the Offer.
<b>Oslo Børs:</b>	The Oslo Stock Exchange, a Norwegian regulated market being part of Euronext® and operated by Oslo Børs ASA.
<b>Parent:</b>	Chess Holdings, LLC, a Delaware limited liability company being the indirect parent company of Chess.com and the ultimate parent company of the Offeror.
<b>Parties:</b>	The Offeror and Play Magnus.

<b>Person:</b>	An individual, a corporation, a partnership, a limited liability company or partnership, a trust, an unincorporated organization, a relevant authority, a government or any department or agency thereof, or any other juridical entity.
<b>Play Magnus or the Company:</b>	Play Magnus AS, a private limited liability company incorporated and existing under the laws of Norway with business registration number 912 523 802 and registered address Tordenskiolds gate 2 (3 <sup>rd</sup> floor), 0160 Oslo, Norway.
<b>PM Group:</b>	Play Magnus and all its direct and indirect subsidiaries.
<b>PM Shareholders or Shareholders:</b>	Owners of PM Shares, including beneficial owners of nominee registered PM Shares, which term shall include Eligible Rollover Shareholders.
<b>PM Shares or Shares:</b>	All issued and outstanding shares in Play Magnus as of the date of this Offer Document.
<b>Receiving Agent:</b>	Skandinaviska Enskilda Banken AB (publ), Oslo Branch.
<b>Restricted Jurisdictions:</b>	Canada, Australia, New Zealand, South Africa, Hong Kong, Japan and any other jurisdiction where presenting the Offer or acceptance thereof would be in conflict with the laws of such jurisdiction.
<b>Rollover LLC:</b>	Chess Growthco Rollover LLC, a limited liability company incorporated and registered under the laws of Delaware, United States.
<b>Rollover Shareholders:</b>	Eligible Rollover Shareholders who elect to receive some or all of the consideration under the Offer in Consideration Shares.
<b>SEC:</b>	The United States Securities and Exchange Commission.
<b>Settlement Date or Closing:</b>	The date of settlement of the Offer, in accordance with the terms of this Offer Document.
<b>Settlement Notification:</b>	An announcement in accordance with the procedures set out in section 1.16 ( <i>Announcements in relation to the Offer</i> ) to be issued once the Offer Period has expired and the conditions (i) "Minimum Acceptance" and (iii) "Regulatory approvals", to the extent applicable, as set out in section 1.6 ( <i>Conditions to the Offer</i> ) have been satisfied, fulfilled or waived by the Offeror, as applicable.
<b>Superior Competing Offer:</b>	A bona fide, binding, unsolicited written offer received by the Company, provided that such offer has not been received in breach of the non-solicitation clause in the Transaction Agreement, that constitutes a Competing Offer made on terms that the Board considers, in accordance with the directors' fiduciary duties in good faith and after consulting with its financial advisors and outside legal counsel, taking all financial, regulatory and other relevant terms and conditions of such Competing Offer into account (including the nature and identity of the proposed bidder, the proportion of the PM Group's shares and/or assets to be acquired by the proposed bidder (recognising that the Offer is for 100% of the Company's issued and to be issued share capital), the nature of the consideration, the certainty of funding and financing of the Competing Offer, the certainty and timing of execution of such Competing Offer and any other factors relating to value to shareholders or certainty or the timing of such Competing Offer), to be more favourable to the PM Shareholders than the Offer (or an amended version of the Offer, as the case may

be).

<b>Transaction Agreement:</b>	The agreement dated 24 August 2022, as amended by an amendment agreement dated 6 September 2022, between Play Magnus, the Offeror and Rollover LLC establishing certain rights and obligations in relation to the Offer, as further set out in section 1.7 ( <i>The Transaction Agreement</i> ).
<b>U.S. Exchange Act:</b>	The United States Securities Exchange Act of 1934, as amended.
<b>U.S. Securities Act:</b>	The United States Securities Act of 1933, as amended.
<b>U.S. or the United States:</b>	The United States of America, its territories and possessions, any state of the United States of America, and the District of Columbia.
<b>U.S. Shareholders:</b>	Shareholders resident whose or place of habitual abode is in the United States.
<b>USD:</b>	United States dollars, the lawful currency of the United States of America. Any reference to a USD amount, shall also be deemed to be such an equivalent amount in local currency as determined by applying the relevant exchange rate reported in the Financial Times on the date of determination.
<b>VPS:</b>	Euronext Securities Oslo, the Norwegian central securities depository.

## **STATEMENT BY THE OFFEROR**

This Offer Document has been prepared by the Offeror solely to provide PM Shareholders with a basis for evaluating the Offer by the Offeror to acquire the PM Shares presented herein.

The information about the Company and the PM Group included in this Offer Document is based exclusively on the Company's public financial statements and other information in the public domain as of the date hereof. The Offeror has not independently verified the information regarding the Company and the PM Group which is included in this Offer Document. The Offeror does not assume any responsibility for the accuracy or completeness of, or any responsibility to update, the information regarding the Company and the PM Group included in this Offer Document.

6 September 2022

**Chess Growthco LLC**

## 1. THE OFFER

### 1.1 Introduction

Chess Growthco LLC ("**Chess Growthco**" or the "**Offeror**") hereby makes an Offer to acquire all issued and outstanding Shares in Play Magnus AS ("**Play Magnus**" or the "**Company**") as of the date of this Offer Document, on the terms and subject to the conditions and limitations set out in this Offer Document and the relevant Acceptance Form (see Appendices 2 A and B). The Offer is made to all Shareholders who can legally receive this Offer Document and accept the Offer, for further details see "*Important Information*" and "*Offer Restrictions*" above.

PM Shareholders who accept the Offer will receive the Offer Price (NOK 13.00, and subject to such adjustments as set forth in this Offer Document) per Share tendered in the Offer. With the relevant exceptions for each Rollover Shareholder (as defined in section 1.5.2 below), the Offer Price will be settled in cash according to the terms set out in this Offer Document and the Acceptance Forms.

PM Shareholders who (together with any Affiliate) hold more than 0.5% of the fully diluted share capital of Play Magnus as of 24 August 2022 and/or 6 September 2022 ("**Eligible Rollover Shareholders**"), are entitled to elect to receive some or all of the consideration for settlement of the Offer in Class A units of the Parent, to be held through ordinary interests (the "**Consideration Shares**") in Chess Growthco Rollover LLC ("**Rollover LLC**"), according to the terms set out in this Offer Document and the Acceptance Form included in Appendix 2 B. If a Rollover Shareholder (as defined in section 1.5.2 below) elects a combination of cash and Share Consideration, the Share Consideration must be elected for at least 38,477 PM Shares by the relevant Rollover Shareholder.

PM Shareholders who are not Eligible Rollover Shareholders are offered only cash consideration as settlement for the Offer and may only accept the Offer by using the Acceptance Form included in Appendix 2 A.

For further details see sections 1.5 (*The Offer Price*) and 1.13 (*Settlement*) below.

The Offer Period is from and including 7 September 2022 to 5 October 2022 16:30 (CEST), subject to any extension by up to a maximum of 10 weeks from the start of the Offer Period, for further details see section 1.9 (*Offer Period*).

MagnusChess AS (controlled by Magnus Carlsen), Apoletto Ltd./Breakthrough Initiatives Ltd. (represented on the Board by Board member Leonid Soloviyev), Investinor Direkte AS (represented on the Board by Board member Patrick Sandahl), LT Holdings Ltd (represented on the Board by Board member Nils Lorenz Lensch-Franzen), Idekapiital AS (represented on the Board by chairman Anders Brandt) and Espen Agdestein AS (represented on the Board by Board member Espen Agdestein), owning approximately 8.5%, 8.5%, 8.3%, 8.1%, 2.3% and 1.7% of the PM Shares, respectively, and in aggregate approximately 37.38% of Play Magnus' share capital, have irrevocably undertaken to accept the Offer. Of the pre-acceptances obtained, approximately 37.69% of the PM Shares will be settled with consideration in cash, and approximately 62.31% of the PM Shares will be settled in Consideration Shares (see section 1.5.2 below).

### 1.2 The Offeror

The Offer is made by Chess Growthco LLC, a limited liability company incorporated and existing under the laws of Delaware, the United States. See section 3 (*Description of the Offeror*) below for further details on the Offeror.

The Offeror does currently not own any PM Shares and the Offeror and its related parties (as defined in Section 2-5 of the Norwegian Securities Trading Act) do not have any other rights to Shares, convertible loans (as set out in Section 11-1 of the Norwegian Private Companies Act) or any other financial instruments

that give the right to acquire Shares.

### **1.3 The Company**

Play Magnus is a Norwegian private limited liability company (Nw. "*aksjeselskap*") with business registration number 912 523 802 and registered address Tordenskiolds gate 2 (3<sup>rd</sup> floor), 0160 Oslo, Norway.

The PM Shares have since 8 October 2020 been admitted to trading on Euronext Growth Oslo under the ticker code "PMG" and are registered in the VPS with the International Securities Identification Number ("ISIN") NO 001 0890726.

See section 2 (*Description of Play Magnus*) for further details about the Company.

### **1.4 Reasons for the Offer and plans for the future business**

Together, Chess Growthco and Play Magnus are excited to join together and continue to bring joy to people's lives through the game of Chess. The combined entity will strive to give the chess community the best experience as players, learners, and watchers of the game. In addition to realizable cost rationalization from streamlining business operations over the next 12-18 months, there is significant upside with user base growth, cross-sell opportunities with Chessable, and revenue uplift from events. The combined vision also includes partnering with Magnus Carlsen as an ambassador of the game and executing growth plans with new partnerships and events. In today's market, this unique partnership will further distinguish the combined entity as a leader in the global chess community.

### **1.5 The Offer Price**

#### **1.5.1 General**

The Offer comprises all the issued and outstanding 61,452,722 PM Shares and does not extend to any further shares.

PM Shareholders accepting the Offer will receive NOK 13.00 per Share tendered in the Offer subject to such terms and conditions as are set forth in this Offer Document. With the relevant exceptions for each Rollover Shareholder (see section 1.5.2 below), the Offer Price will be paid in cash in accordance with the terms set out in this Offer Document and the Acceptance Form included in [Appendix 2 A](#). PM Shareholders who are not Eligible Rollover Shareholders are offered only cash consideration as settlement for the Offer.

The Offer values all PM Shares at approximately NOK 799 million in total (based on 61,452,722 Shares outstanding as of 6 September 2022).

The Offer Price is:

- (i) 28.46% above the closing share price of Play Magnus on Euronext Growth Oslo on 23 August 2022, of NOK 10.12;
- (ii) 44.42% above the volume-weighted average share price of Play Magnus on Euronext Growth Oslo during the last 30 days up to and including 23 August 2022, of NOK 9.00; and
- (iii) 44.36% above the volume-weighted average share price of Play Magnus on Euronext Growth Oslo during the last three months up to and including 23 August 2022, of NOK 9.01.

No interest or other compensation other than the Offer Price (and/or Consideration Shares as relevant for each Rollover Shareholder) will be paid by the Offeror to Shareholders tendering Shares in the Offer.

If the Company should resolve to distribute dividend or make any other distributions to the PM Shareholders

with a record date prior to completion of the Offer, the Offeror may adjust the Offer Price downwards as required to compensate for the economic effects of such dividend or other distribution. If such adjustments are made, any acceptance of the Offer received prior to the adjustments shall be deemed as acceptances of the Offer as revised. Further, to the extent any of the foregoing events trigger a right for the Offeror to terminate the Transaction Agreement (see section 1.7), the Offeror may decide to terminate the Transaction Agreement and the Offer.

### 1.5.2 The Consideration Shares

Eligible Rollover Shareholders (as defined in section 1.1 above) are entitled to elect to receive some or all of the Offer Price in Consideration Shares according to the terms set out in this Offer Document and in the Acceptance Form included in Appendix 2 B, provided that if a Rollover Shareholder (as defined below) elects a combination of cash and Share Consideration, the Share Consideration must be elected for at least 38,477 PM Shares by the relevant Rollover Shareholder.

Any Eligible Rollover Shareholder electing to receive such Consideration Shares as full or partly settlement under the Offer ("**Rollover Shareholders**"), will be required to (i) sign a confidentiality agreement to receive information on the Parent, (ii) enter into a limited liability company agreement for Rollover LLC, which shall include customary transfer restrictions included in the Chess LLC Agreement, and (iii) cause Rollover LLC to enter into a deed of adherence to the Chess LLC Agreement (see section 3.2.3.2 below). **Any Eligible Rollover Shareholder who is considering to receive some or all of the Offer Price in Consideration Shares are asked to contact Skandinaviska Enskilda Banken AB (publ), Oslo Branch (the "Receiving Agent") by phone to +47 21 00 87 05 or email to [acceptance@seb.no](mailto:acceptance@seb.no) to receive the documents in items (i) to (iii) above.**

For information on the settlement of the Consideration Shares, see section 1.13.2 below.

### 1.6 Conditions to the Offer

The completion of the Offer is subject to the conditions set out below, each one of which, to the extent legally permissible, may be waived by the Offeror at the Offeror's sole discretion:

- (i) **Minimum acceptance.** The Offer shall on or prior to the expiration of the Offer Period have been validly accepted by Shareholders representing more than 90% of the issued and outstanding share capital and voting rights of the Company on a Fully Diluted (as defined below) basis, and such acceptances not being subject to any third party consents in respect of pledges or other rights. For this purpose, "**Fully Diluted**" shall mean all issued Shares together with all shares which the Company would be required to issue if all rights to subscribe for or otherwise require the Company to issue additional shares, under any agreement or instrument, existing at or prior to completion of the Offer, were exercised.
- (ii) **Board Recommendation.** A unanimous recommendation from the Board to the Shareholders to accept the Offer, in such form as set out in Appendix 3, shall have been issued and not, without the Offeror's written consent, been amended, modified or withdrawn.
- (iii) **Regulatory approvals.** Settlement of the Offer is conditional on all permits, consents, clearances and approvals required, and the resolution of any inquiries received and any other review or consideration of the Offer of which the Offeror has been informed, from applicable regulatory authorities, including antitrust authorities, in connection with the Offer or necessary to carry out the business of the PM Group following completion of the Offer, being obtained or resolved and any applicable waiting periods shall have expired or lapsed, in each case on terms satisfactory to the Offeror, in the Offeror's sole judgement.



- (iv) **Ordinary conduct of business.** Except as explicitly provided for under the Transaction Agreement, that (i) the business of the PM Group, in the period until the Settlement Date, has in all material respects been conducted in the ordinary course of business consistent with past practice; (ii) there has not been made, and not been passed any decision to make or published any intention to make, any corporate restructurings, changes in the share capital of the Company or any of its direct or indirect subsidiaries, issuance of options, warrants and/or rights which entitles holders to demand new Shares or other securities in the Company or any of its direct or indirect subsidiaries, declaration or payment of dividends or other distributions to the PM Shareholders (whether in cash or in kind), proposals to Shareholders for merger or de-merger, or any other change of corporate structure (except for any merger, demerger or other change of corporate structure made as a part of an ordinary internal reorganisation); (iii) the Company shall not have entered into any agreement for, or carried out any transaction that constitutes, a Competing Offer; or (iv) the Company and its direct or indirect subsidiaries shall not have entered into any agreement providing for acquisitions, dispositions or other transactions or the provisions or goods, products or services not in the ordinary course other than as disclosed to the Offeror.
- (v) **No material breach of the Transaction Agreement.** There shall have been no material breach by the Company of the Transaction Agreement, including, for the avoidance of doubt, no breach of the undertakings by the Company set out therein. The representations and warranties set out in the Transaction Agreement shall continue to be true and accurate as of the Settlement Date.
- (vi) **No governmental interference.** No court or governmental or regulatory authority of any competent jurisdiction shall have taken any form of legal action (whether temporary, preliminary or permanent) that has the effect of the Offer not being able to be consummated or, in connection with the Offer, impose conditions upon the Offeror or any entities within the PM Group which would require the Offeror to incur any material expenditure, would prohibit or significantly impair the Offeror's ownership or operation of the PM Group, or is reasonably likely to have a material adverse effect on the business, operations, property or financial condition of the PM Group or the Offeror.
- (vii) **No Material Adverse Change.** No Material Adverse Change shall have occurred between the date of the Transaction Agreement and until the Settlement Date.
- (viii) **MC Agreement.** The MC Agreement shall remain valid and in full force between the date of the Transaction Agreement and following the Settlement Date and as at the Settlement Date, the Company shall cause the termination of the Existing MC Agreements.

As soon as the Offer Period has expired and each of the two following closing conditions for the Offer: (i) "Minimum acceptance" and (iii) "Regulatory approvals" have been satisfied, fulfilled or waived by the Offeror, as applicable, the Offeror will issue the Settlement Notification (as defined below) in accordance with the procedures set out in section 1.16 (*Announcements in relation to the Offer*) below. Settlement of the Offer will, subject to applicable law, remain subject to conditions (ii) "Board Recommendation", (iv) "Ordinary Conduct of Business", (v) "No material breach of the Transaction Agreement", (vi) "No governmental interference", (vii) "No Material Adverse Change" and (viii) "MC Agreement", until the Settlement Date. See section 1.13 (*Settlement*) below for further information on settlement of the Offer.

## 1.7 The Transaction Agreement

On 24 August 2022, the Company, the Offeror and Rollover LLC entered into the Transaction Agreement, as amended by an amendment agreement dated 6 September 2022, in order to establish certain rights and obligations between the parties in relation to the Offer as further described below.

#### **1.7.1 Board Recommendation and matching right**

The Board may only withdraw the Board Recommendation if it receives a Superior Competing Offer and the Offeror does not announce a Matching Offer within five Business Days from receiving written notice of such Superior Competing Offer from the Company.

#### **1.7.2 Non-solicitation undertakings**

During the period from the date of the Transaction Agreement until the earlier of (i) the termination of the Transaction Agreement (ii) the lapsing or withdrawal of the Offer, or (iii) the completion of the Offer, the Company has undertaken not to solicit any Competing Offer.

#### **1.7.3 Conduct of business undertakings**

The Company has provided customary undertakings as part of the Transaction Agreement with respect to the conduct of its business, including (but not limited to) an obligation to conduct its business in all material respects only in the ordinary course of business consistent with past practice and in accordance with applicable laws and that the Company and the PM Group shall use all commercially reasonable efforts to preserve intact its present business organizations, assets, rights, properties and goodwill.

#### **1.7.4 Cost coverage**

If the Transaction Agreement is terminated due to (i) the Board withdrawing the Board Recommendation or (ii) a material breach of the Transaction Agreement by the Company, Play Magnus has agreed to compensate the Offeror for its external advisor costs up to a maximum amount of NOK 20 million (excluding VAT).

#### **1.7.5 Higher consideration**

The Offeror will not directly or indirectly acquire or enter into any agreement to acquire PM Shares (in the open market or in privately negotiated transactions or otherwise) from the date of the Transaction Agreement until the Settlement Date at a consideration per PM Share higher than the Offer Price (a "**Higher Consideration**") without the Offeror increasing the Offer Price so as to be at least equal to such Higher Consideration. Such Higher Consideration shall then also be paid to the Shareholders who have signed pre-acceptances (see section 1.8 below).

#### **1.7.6 Termination**

The Transaction Agreement may be terminated by the Offeror by written notice to the Company if: (a) the Board Recommendation is withdrawn; or (b) upon a material breach of any other provisions of the Transaction Agreement, including without limitation the covenants and the representations and warranties of the Company set out therein, that is not cured, where capable of being cured, within five Business Days of delivery of a written notice by the Offeror to the Company requesting the Company to cure such breach.

The Transaction Agreement may be terminated by the Company by written notice to the Offeror: (a) upon the Board having withdrawn the Board Recommendation in accordance with the Transaction Agreement; or (b) upon a material breach of the Transaction Agreement by the Offeror, if such breach is not cured, where capable of being cured, within five Business Days of delivery of a written notice by the Company to the Offeror requesting the Offeror to cure such breach.

The Transaction Agreement may be terminated by mutual written consent of both parties or by either Party if: (a) the Offeror has not within five (5) Business Days of the expiry of the Offer Period for the Offer (as extended, if applicable) publicly announced satisfaction or waiver/amendment of the closing condition relating to minimum Acceptance level; (b) it is evident that a closing condition to the Offer, as set out in section 1.6 (*Conditions to the Offer*) will not be fulfilled, and the Offeror has made a public announcement in this respect; or (c) the public announcement by the Offeror of the satisfaction or waiver of all closing

conditions to the Offer has not been made by the Long Stop Date, however, the right to terminate under such clause shall not be available to a party whose material failure to fulfil any obligation thereunder has been the principal cause of, or resulted in, the failure of completing the relevant action by the respective dates.

### **1.8 Pre-acceptances**

MagnusChess AS (controlled by Magnus Carlsen), Apoletto Ltd./Breakthrough Initiatives Ltd. (represented on the Board by Board member Leonid Solovyev), Investinor Direkte AS (represented on the Board by Board member Patrick Sandahl), LT Holdings Ltd (represented on the Board by Board member Nils Lorenz Lensch-Franzen), Idekapiital AS (represented on the Board by chairman Anders Brandt) and Espen Agdestein AS (represented on the Board by Board member Espen Agdestein), owning approximately 8.5%, 8.5%, 8.3%, 8.1%, 2.3% and 1.7% of the PM Shares, respectively, and in aggregate approximately 37.38% of Play Magnus' share capital, have irrevocably undertaken to accept the Offer. The pre-acceptances will automatically lapse (i) if the Offer has lapsed, been terminated or otherwise expired, (ii) if the Offeror has not publicly announced that the closing conditions to the Offer have been satisfied or waived by the Offeror on or prior to the Long Stop Date or (iii) in the event that a Competing Offer is made by a third party, such Competing Offer is considered by the Board to be more favourable to the PM Shareholders than the Offer and not matched by the Offeror within the deadline agreed in the Transaction Agreement for such Matching Offer, and the Board on the basis of such Competing Offer withdraws the Board Recommendation.

Of the pre-acceptances obtained, approximately 37.69% of the PM Shares will be settled with consideration in cash, and approximately 62.31% of the PM Shares will be settled in Consideration Shares.

### **1.9 Offer Period**

The Offer Period under the Offer is from and including 7 September 2022 until 16:30 (CEST) on 5 October 2022 (subject to extension).

The Offeror expressly reserves the right to approve Acceptances of the Offer that are received after the expiration of the Offer Period. The Offeror further reserves its rights at any time and one or several times to extend the Offer Period up to 16 November 2022 (10 weeks in total). Any extension of the Offer Period will be announced as soon as possible following the Offeror's decision to extend the Offer and no later than prior to opening of trading on Euronext Growth Oslo on the first Business Day following the expiry of the then prevailing Offer Period in the manner described in section 1.16 (*Announcements in relation to the Offer*) below.

### **1.10 Long Stop Date**

In the event the Offeror has not announced in accordance with the procedure set out in section 1.16 (*Announcements in relation to the Offer*) by 24:00 (CEST) on 24 November 2022 (subject to extension by the Offeror in its sole discretion by up to three months if any approvals or reviews by applicable regulatory authorities in connection with the Offer are pending at such date), or a later date mutually agreed in writing between the Company and the Offeror, that the conditions to the Offer as set out in section 1.6 (*Conditions to the Offer*) have been satisfied, fulfilled or waived by the Offeror, the Offer will not be completed and PM Shareholders who have tendered their Shares will be released from their acceptance of the Offer and the blocking of such Shares shall be released. If the Long Stop Date is extended pursuant to an agreement between the Company and the Offeror, PM Shareholders who have tendered their Shares will not have any withdrawal rights and such extension will hence not release any Shareholder who has already accepted the Offer from its acceptance.

### **1.11 Acceptance of the Offer**

In order for a PM Shareholder to accept the Offer, the relevant Acceptance Form (for either PM

Shareholders or Eligible Rollover Shareholders) must be correctly filled out, signed and delivered to, and received by, the Receiving Agent prior to the end of the Offer Period on 5 October 2022 at 16:30 (CEST) (or such time that the Offer Period may be extended to). The Acceptance Form can be submitted to the Receiving Agent by hand delivery, e-mail or by regular mail.

On the Acceptance Forms sent to the Shareholders, information on shareholdings and certain other matters relating to the relevant Shareholder have already been filled in. The Acceptance Forms also contain information regarding the settlement.

The Acceptance Forms are enclosed as Appendix 2 A (applicable to all PM Shareholders except for the Eligible Rollover Shareholders) and Appendix 2 B (applicable only to Eligible Rollover Shareholders) to this Offer Document.

Acceptance Forms must be received by the Receiving Agent at the address or e-mail address below:

**Skandinaviska Enskilda Banken AB (publ), Oslo Branch**

Filipstad brygge 1

P.O. Box 1843 Vika

0123 Oslo, Norway

Email: [acceptance@seb.no](mailto:acceptance@seb.no)

If the Acceptance Form is signed by a Person acting on behalf of the Shareholder, evidence of the authority of such Person to sign the Acceptance Form, e.g. an authorization and/or a company certificate, must be delivered together with the Acceptance Form in order for the Acceptance to be valid.

All Shares to be acquired under the Offer must be transferred free of any encumbrances or other third-party rights whatsoever and with all shareholder rights attached to them. Any third party with registered encumbrances or other third-party rights over the relevant VPS account(s) must sign the Acceptance Form and thereby waive their rights to the Shares and approve the transfer of Shares to the Offeror free of any encumbrances.

The Offeror reserves the right to reject any acceptance of the Offer which is not in proper form, or which may be unlawful. The Offeror also reserves the right, but shall in no event be obliged, to accept any Acceptance Form which is delivered after the expiry of the Offer Period and to treat an acceptance of the Offer as valid although the Acceptance Form has not been properly completed or is not accompanied by the required evidence of authority or is received at a place other than as set out above.

PM Shareholders whose Shares are split between several VPS accounts will receive a separate Acceptance Form for each account and must submit a separate Acceptance Form for the Shares in each account.

In order for a PM Shareholder to validly accept the Offer, the relevant Acceptance Form must be signed by the Shareholder or its authorised attorney.

Any Shareholder whose Shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact such Person if such Shareholder desires to accept the Offer for such Shares. Acceptance of the Offer for Shares registered in the name of an investment manager must be done by the manager on behalf of the PM Shareholder.

The Acceptance is irrevocable and cannot be withdrawn after receipt by the Receiving Agent.

By delivering a duly executed Acceptance Form, each Shareholder will irrevocably authorise the Receiving Agent to block the Shares to which the Acceptance Form relates in favour of the Receiving Agent. It will not be possible for Shareholders to administer the Shares after the blocking has been established. Acceptants

will retain ownership of their PM Shares until completion of the Offer. All Shareholder rights shall, to the extent permitted under Norwegian law, be vested with the Shareholder until completion of the Offer.

By delivering a duly executed Acceptance Form, each Shareholder will irrevocably authorise the Receiving Agent to transfer such PM Shares to the Offeror upon completion and settlement of the Offer. Settlement for the Shares will be made in connection with the transfer of the Shares to the Offeror.

An Acceptance will comprise all of the Acceptant's PM Shares on the VPS account covered by the Acceptance. However, with respect to Shares registered on VPS accounts in the name of a broker, dealer, commercial bank, trust company or other nominee, the Acceptance will solely comprise the designated Shares on such VPS account that the Offer in fact have been accepted for by a Shareholder, and not other Shares registered on the same VPS account held by Shareholders not accepting the Offer. The Acceptance also includes any Shares which are acquired or will be acquired and which are credited to the above VPS account until the Shares are debited from the Acceptant's VPS account and transferred to an escrow account in the name of the Receiving Agent, save for Shares on VPS accounts in the name of a broker, dealer commercial bank, trust company or other nominee not accepting the Offer.

In accordance with the Norwegian Securities Trading Act, the Receiving Agent must categorise all new customers in one of three customer categories. All Shareholders delivering an Acceptance Form and which are not existing clients of the Receiving Agent will be categorised as non-professional clients. For further information about the categorisation, Shareholders may contact the Receiving Agent (+47 21 00 87 05). The Receiving Agent will treat the delivery of the Acceptance Form as an execution only instruction from the Shareholder to sell his/her/its Shares under the Offer, since the Receiving Agent is not in the position to determine whether the acceptance and selling of Shares is suitable or not for the Shareholder.

## **1.12 Shareholder rights**

Acceptants will not be able to sell, pledge or otherwise encumber the PM Shares covered by the Acceptance after such PM Shares have been blocked as described in section 1.11 (*Acceptance of the Offer*) above.

Acceptants of the Offer will, however, remain owners of their PM Shares, including retaining their right to vote for their PM Shares and other shareholder rights, until settlement pursuant to the Offer is completed, see section 1.13 (*Settlement*) below.

## **1.13 Settlement**

### **1.13.1 General**

As soon as the Offer Period has expired and each of the two following closing conditions for the Offer: (i) "Minimum acceptance" and (iii) "Regulatory approvals", see section 1.6 (*Conditions to the Offer*), have been satisfied, fulfilled or waived by the Offeror, as applicable, the Offeror will issue a notification to that effect (the "**Settlement Notification**") in accordance with the procedures set out in section 1.16 (*Announcements in relation to the Offer*) below.

Settlement of the Offer shall take place no later than three (3) weeks after the date on which the Offeror has issued the Settlement Notification. Settlement of the Offer will, subject to applicable law, remain subject to conditions (ii) "Board Recommendation", (iv) "Ordinary conduct of business", (v) "No material breach of the Transaction Agreement", (vi) "No governmental interference", (vii) "No Material Adverse Change" and (viii) "MC Agreement", as set out in section 1.6 (*Conditions to the Offer*) above, until the Settlement Date.

On the assumption that there will not be an extension of the Offer Period, that regulatory approvals will be obtained within normal approval periods and that all other closing conditions will be fulfilled, it is expected that settlement of the Offer will take place during Q4 2022. Any delay in obtaining necessary regulatory approvals or extensions of the Offer Period could affect the expected time of settlement of the Offer.

Upon settlement, except as set out in section 1.13.2 (*Share consideration*) below, the Offer Price shall be paid for every Share for which the Offer has been lawfully accepted to the bank account that at the time of acceptance was registered in the VPS as the account for payment of dividends to that PM Shareholder. If there are no records of a bank account in the VPS that can be used for settlement of the Offer Price, the PM Shareholder must specify on the relevant Acceptance Form (or on a separate sheet submitted together with the Acceptance Form) the bank account to which payment should be made. For PM Shareholders who do not hold a bank account with a Norwegian bank, payment details for offshore payments must be included in the Acceptance Form in addition to the bank account number, the bank, IBAN, SWIFT/BIC or similar payment codes depending on the jurisdiction where the bank account is located. Any such PM Shareholder should contact the Receiving Agent in this respect.

Settlement for Shareholders who do not have a known bank account will be made upon further request and the Receiving Agent will endeavour to contact Shareholders who do not have a registered bank account in the VPS accounts or included account details in the Acceptance Form. To the extent they are not able to reach the PM Shareholders, the Receiving Agent will deposit the amounts for collection at a later stage. If the Receiving Agent is unable to transfer the amount to the owner, the amount will be transferred back to the Offeror.

The last possible date for settlement, unless an extension is agreed or determined by the Offeror (see section 1.10 above), will be within the end of three weeks after the Long Stop Date on 24 November 2022. Acceptants are bound by their acceptance until settlement has occurred or the Offer has lapsed or been withdrawn or terminated.

If PM Shareholders hold PM Shares through brokers, banks, custodians, investment companies, investment managers, financial intermediaries or other nominees, and payment on settlement is to be made in such nominee's or intermediary's account, they should contact such brokers, banks, custodians, investment companies, investment managers, financial intermediaries or other nominees for determining when and how payment will be credited to their personal accounts.

### **1.13.2 Share consideration**

As set out in sections 1.1 and 1.5.2 above, Eligible Rollover Shareholders may elect to receive some or all of the consideration for settlement of the Offer in Consideration Shares, provided that if a Rollover Shareholder elects a combination of cash and Share Consideration, the Share Consideration must be elected for at least 38,477 PM Shares by the relevant Rollover Shareholder.

Settlement of the Consideration Shares will be made as follows:

- (a) On the Settlement Date, the Rollover Shareholders, either directly or through their holding companies or through a pooling vehicle incorporated in Norway, will contribute the amount of PM Shares they would like to receive Consideration Shares for to Rollover LLC, which shall be managed by a non-member entity affiliated with the Parent, in exchange for newly issued ordinary interests of Rollover LLC at a subscription price of USD 36,227.56 per share. The NOK/USD exchange rate will be determined three Business Days prior to the Settlement Date and as reported in the Financial Times. The ordinary interests of Rollover LLC may be issued in fractions.
- (b) On the Settlement Date, Rollover LLC shall accede to the Chess LLC Agreement.
- (c) On or immediately after the Settlement Date, Rollover LLC will contribute all the PM Shares it holds to the Parent for Class A units of the Parent at a subscription price of USD 36,227.56 per share.

- (d) On or immediately after the Settlement Date, the Parent will contribute all the PM Shares it holds to its wholly-owned subsidiary, Checkmate Intermediate Holdings LLC.
- (e) On or immediately after the Settlement Date, Checkmate Intermediate Holdings LLC will contribute all the PM Shares it holds to its wholly-owned subsidiary, Chess.com, LLC ("**Chess.com**").
- (f) On or immediately after the Settlement Date, Chess.com will contribute all the PM Shares it holds to its wholly-owned subsidiary, the Offeror.

Following the completion of the steps in items (a) to (f) above, the Rollover Shareholders shall hold, directly or indirectly, Consideration Shares, and Rollover LLC shall hold Class A units in the Parent.

Pursuant to the Transaction Agreement, Rollover LLC has agreed to be bound by the undertakings pertaining items (a) to (f) above.

#### **1.14 Amendments of the Offer**

The Offeror reserves the right to amend the Offer, including the Offer Price, Offer Period and to waive conditions, in its sole discretion at any time during the Offer Period (including any extended Offer Period), provided, however, that the Offeror may not amend the Offer in a manner which disadvantages the PM Shareholders. Any amendments are binding on the Offeror once a notice has been disclosed in accordance with the procedures set out in section 1.16 (*Announcements in relation to the Offer*) below.

Any Acceptance received by the Receiving Agent is binding even if the Offer Period is extended and/or the Offer is otherwise amended in accordance with the terms of this Offer Document. PM Shareholders who have already accepted the Offer in its original form or with previous amendments will be entitled to any benefits arising from such amendments.

#### **1.15 Financing of the Offer**

The Offer is not subject to any financing condition. The Offer will be financed through equity provided by the current equity holders of the Parent and by issuance of Consideration Shares to Rollover Shareholders.

#### **1.16 Announcements in relation to the Offer**

Announcements issued by or on behalf of the Offeror regarding the Offer and/or the Offer Document will be deemed to have been made once they have been received by the Company or Oslo Børs and distributed through Oslo Børs' electronic information system, Newsweb (<https://newsweb.oslobors.no>). In this respect, the Offeror will have no obligation to publish, advertise or otherwise communicate any such announcement other than by making such release to Oslo Børs.

#### **1.17 Contact between the Parties prior to the Offer**

The Offeror entered into discussions with the Company in the first quarter of 2022, and provided a non-binding and indicative offer on 21 June 2022. After further discussions, the Offeror provided a revised non-binding and indicative offer to the Company on 18 July 2022. During July and August 2022, the Offeror conducted confirmatory due diligence of the Company and its subsidiaries.

On 24 August 2022, the Company, the Offeror and Rollover LLC entered into the Transaction Agreement, as amended by an amendment agreement dated 6 September 2022, see section 1.7 (*The Transaction Agreement*) above.

#### **1.18 Impact on employees**

The Offeror has not yet determined the organizational structure of the combined company. To the extent

measures are concluded that may affect the employees of the combined company following completion of the Offer, such measures will be communicated to employees and will be implemented in accordance with applicable laws and agreements.

### **1.19 Benefits to employees, management and Board**

The Offeror will not make any payments or grant any benefits or advantages to employees, management or the Board under the Offer other than payments of the Offer Price (in cash or Consideration Shares) in respect of any PM Shares sold under the Offer and payment of a cash consideration equal to the difference between the Offer Price and the strike price to option holders in respect of cancelling vested options, with a strike price below the Offer Price. No such payments, benefits or advantages have been held in prospect of any of the above.

Play Magnus will pay transaction bonuses to certain key employees of Play Magnus in the aggregate amount of EUR 700,000, plus employer's contributions and social costs.

### **1.20 Regulatory approvals**

The completion of the Offer may be subject to the regulatory approvals, to the extent applicable, described in section 1.6 (*Conditions to the Offer*) (iii) "Regulatory Approvals".

### **1.21 Legal consequences of the Offer**

Completion of the Offer will entail that the Offeror becomes the owner of all PM Shares validly tendered under the Offer in addition to any PM Shares acquired outside the Offer. If the Offer is closed with the Offeror's ownership of PM Shares representing 2/3 or more of the share capital and votes in Play Magnus, the Offeror will, among other things, be able to amend the Company's articles of association, approve mergers and demergers, change the Company's capital structure and elect its own representatives on the Board.

Please see section 1.28 (*Delisting of the PM Shares*) below with respect to the potential delisting of the Company from Euronext Growth Oslo.

### **1.22 Acquisition of PM Shares outside the Offer**

The Offeror reserves, and may exercise, the right to acquire PM Shares or make arrangements to purchase PM Shares or other securities that are immediately convertible into, exchangeable for, or exercisable for, PM Shares, outside the Offer before, during and after the Offer Period, provided that such transactions comply with the Transaction Agreement (including the obligation described under section 1.7.5 (*Higher consideration*)) and applicable laws and regulations.

The Offeror will, to the extent required by Norwegian law, publicly disclose purchases of PM Shares in accordance with the procedures described in section 1.16 (*Announcements in relation to the Offer*) above and by way of an English language press release via an electronically operated information distribution system in the United States.

### **1.23 Transaction costs**

The Offeror will pay commissions and costs directly related to the VPS transactions in connection with the Offer, which will be capitalised as ancillary transaction costs. Accordingly, Acceptants will not incur any brokerage fees or other costs directly related to the VPS transactions in connection with the Offer. Any tax consequences or costs incurred by PM Shareholders for financial, legal or tax advice, as well as any other costs in connection with the Offer, are the responsibility of each individual PM Shareholder and will not be paid by the Offeror.



#### **1.24 Tax**

Each Acceptant is responsible for any tax liability arising as a result of the Acceptance and/or settlement of the Offer and any related advisory costs. A general description of the tax implications of the Offer is included in section 4 (*Taxation*). However, PM Shareholders are urged to seek advice from their own tax advisers to determine the particular tax consequences to them arising from their Acceptance of the Offer and the relevance or effect of any domestic or foreign tax laws and/or applicable treaties.

#### **1.25 Anti-money laundering procedures**

The Offer is subject to applicable anti-money laundering legislation, including the Norwegian Money Laundering Act of 1 June 2018 no. 23 and the Norwegian Money Laundering Regulations of 14 September 2018 no. 1324 (together, the "**Anti-Money Laundering Legislation**"). PM Shareholders who are not registered as existing customers of the Receiving Agent and who accepts the Offer for a total amount of NOK 100,000 or more must provide such information and documentation as required for compliance with the Anti-Money Laundering Legislation as requested by the Receiving Agent.

#### **1.26 Restrictions**

The distribution of this Offer Document, any separate summary documentation regarding the Offer and the making of the Offer may be restricted by law in certain jurisdictions and neither this Offer Document nor any such summary, nor the Offer discussed herein or therein, constitutes an offer to sell or the solicitation of an offer to buy securities in any jurisdiction in which such an offer or solicitation would be unlawful. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions. The Offeror does not accept or assume any responsibility or liability for any violation by any Person whomsoever of any such restriction.

By accepting the Offer by delivery of a duly executed Acceptance Form to the Receiving Agent, the accepting PM Shareholder certifies that such accepting PM Shareholder:

- (i) has not received the Offer Document, the Acceptance Form or any other document relating to the Offer in the Restricted Jurisdictions, nor has mailed, transmitted or otherwise distributed any such document in or into the Restricted Jurisdictions;
- (ii) has not utilized, directly or indirectly, the mails, or any means or instrument of commerce, or the facilities of any national securities exchange, of the Restricted Jurisdictions in connection with the Offer;
- (iii) is not and was not located in the Restricted Jurisdictions at the time of accepting the terms of the Offer or at the time of returning the Acceptance Form;
- (iv) if acting in a fiduciary, agency or other capacity as an intermediary, then either: (i) has full investment discretion with respect to the securities covered by the Acceptance Form or (ii) the Person on whose behalf they were acting was located outside the Restricted Jurisdictions at the time of instructing acceptance of the Offer.

PM Shareholders not residing in Norway wanting to accept the Offer must make their own inquiries on relevant and applicable legislation, including but not limited to, whether it is eligible to accept the Offer and any tax consequences.

#### **1.27 Compulsory Acquisition of Shares**

In the event that the Offeror as a result of the Offer or otherwise, acquires and holds 90% or more of the PM Shares, the Offeror will have the right (and each remaining PM Shareholder will have the right to require the Offeror) to initiate a Compulsory Acquisition of the remaining PM Shares pursuant to section 4-26 of the Norwegian Private Companies Act. In such Compulsory Acquisition, the offered price shall equal the Offer

Price.

If the Offeror presents the offer in writing to all of the remaining Shareholders with a known address, and the offer is announced in the Norwegian Register of Business Enterprises' electronic bulletin for public announcements, the Offeror may set a time limit for each Shareholder to contest or refuse the offer. Such time limit may not be less than two months from the date of the electronic announcement. Shareholders who have not contested such offer within the expiration of such time limit are deemed to have accepted the offer.

If the remaining Shareholders do not accept the offered price, each Shareholder has the right to require the price to be paid per share settled through judicial assessment. The cost of such judicial assessment will, as the main rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to such remaining Shareholders as a result of a Compulsory Acquisition. There is no guarantee that the remaining Shareholders will not be held responsible for costs associated with the judicial assessment, which may be allocated to the remaining Shareholders to the extent that special grounds exists.

If, as a result of the Offer or otherwise, the Offeror acquires and holds 90% or more of the PM Shares, the Offeror will carry out a compulsory acquisition of the remaining PM Shares in accordance with the procedures outlined above.

#### **1.28 Delisting of the PM Shares**

Upon completion of the Offer, and depending on the number of PM Shares acquired through the Offer, the Offeror intends to propose that the general meeting of Play Magnus passes a resolution to apply for a delisting of the PM Shares from Euronext Growth Oslo.

An application to delist the PM Shares requires the approval of a majority of at least 2/3 at the general meeting of Play Magnus. Oslo Børs will, when making a decision of delisting, among other things, take into consideration the interests of any minority Shareholders and may reject an application to delist the PM Shares, or it may decide on its own initiative to have the PM Shares delisted.

#### **1.29 Legal venue and choice of law**

The Offer is subject to Norwegian law. Any dispute arising out of or in connection with this Offer shall be subject to the exclusive jurisdiction of the Norwegian courts with Oslo District Court as legal venue.

#### **1.30 Miscellaneous**

Confirmation of receipt of Acceptance Forms or other documents will not be issued by or on behalf of the Offeror. No notification will be issued in the event of a rejection of an Acceptance Form that is incorrectly completed or received after the end of the Offer Period.

This Offer Document will be sent to all PM Shareholders registered in the shareholders register in the VPS on 6 September 2022 to the addresses held on file at VPS, except for PM Shareholders in jurisdictions where this Offer Document may not be lawfully distributed. Further information on the Offer may be obtained from:

**Skandinaviska Enskilda Banken AB (publ), Oslo Branch**

Filipstad brygge 1

P.O. Box 1843 Vika

0123 Oslo, Norway

Telephone: +47 21 00 87 05

Email: [acceptance@seb.no](mailto:acceptance@seb.no)

## **2. DESCRIPTION OF PLAY MAGNUS**

### **2.1 Introduction**

The following sections contain a brief presentation of the PM Group and its operations. The information on the PM Group is based on the Company's public accounts and other material in the public domain. The Offeror and its representatives disclaim any responsibility and liability for the accuracy or completeness of the Offer Document in terms of the information of Play Magnus and its subsidiaries. For a more detailed description of the Company and the PM Group, please refer to the Company's website, <https://playmagnusgroup.com/>. The contents of this website are not incorporated by reference in this Offer Document.

Information may also be obtained through the annual reports or quarterly reports of Play Magnus, or through other public information.

### **2.2 Company description**

Play Magnus AS, with business registration number 912 523 802, is a Norwegian private limited liability company registered under the laws of Norway with registered address Tordenskiolds gate 2 (3<sup>rd</sup> floor), 0160 Oslo, Norway.

Play Magnus was founded in September 2013 with the goal of commercializing the Magnus Carlsen brand. The Company is the parent company of the PM Group, a global leader in the chess industry focused on providing premier digital experiences for millions of chess players and students. The PM Group offers e-learning and entertainment services via its brands: chess24, Chessable, iChess, New In Chess, Everyman Chess, Magnus Chess Academy, Aimchess, the Play Magnus App Suite, and the Champions Chess Tour. The PM Group's mission is to grow chess to make the world a smarter place by encouraging more people to play, watch, study, and earn a living from chess. For more information, please visit <https://playmagnusgroup.com/>.

### **2.3 Share capital and share information**

The PM Shares are admitted to trading on Euronext Growth Oslo under ISIN NO 001 0890726 and trade under the ticker code "PMG".

As of the date of this Offer Document, Play Magnus has a registered share capital of NOK 614,527.22 divided into 61,452,722 Shares, each with a par value of NOK 0.01. All of the Shares rank *pari passu* with one another and each Share carries one vote at the Company's general meeting.

### **2.4 Selected financial information**

#### **2.4.1 General**

The tables below include selected consolidated financial information for Play Magnus as of and for the years ended 31 December 2021 and 31 December 2020. The financial information has been prepared in accordance with IFRS. The consolidated historical financial data as of and for each of the financial years is derived from Play Magnus' audited consolidated financial statements for 2021 and 2020.

The information and data in this section 2.4 is only a summary and should be read in conjunction with, and is qualified in its entirety by, reference to the audited consolidated financial statement of Play Magnus as of and for the years ended 31 December 2021 and 31 December 2020 and the related notes thereto, available on <https://playmagnusgroup.com/>.

## 2.4.2 Selected annual financial information

### 2.4.2.1 Consolidated statement of comprehensive income

The table below shows a summary of Play Magnus' consolidated statement of comprehensive income for the years ended 31 December 2021 and 31 December 2020.

Amounts in USD thousands (except per share amounts)	2021	2020
Revenue from customers	21 505	7 902
<b>Total operating revenue</b>	<b>21 505</b>	<b>7 902</b>
Course content and subscription sales expenses	4 442	1 812
Tournament prize expenses	1 522	1 412
Employee benefit expenses	10 692	2 437
Share-based compensation expense	681	2 811
Consultancy fees	10 509	4 037
Other operating expenses	8 083	3 319
Depreciation, amortization and impairment	5 080	3 088
Equity funding transaction expenses	-	2 360
Loss on contingent consideration	77	882
<b>Total operating expenses</b>	<b>41 087</b>	<b>22 156</b>
<b>Operating profit (loss)</b>	<b>-19 583</b>	<b>-14 255</b>
Financial income	624	196
Financial expenses	990	1 677
<b>Financial income (expense), net</b>	<b>-366</b>	<b>-1 481</b>
<b>Profit (loss) before tax</b>	<b>-19 948</b>	<b>-15 735</b>
Tax expense	1 135	604
<b>Profit (loss)</b>	<b>-18 813</b>	<b>-15 132</b>
<b>Other comprehensive income</b>		
<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 to be reclassified to profit or loss:</i>		
Exchange differences on translation to USD presentation currency	-874	3 238
<b>Total</b>	<b>-1 014</b>	<b>3 369</b>
<b>Total comprehensive income</b>	<b>-19 827</b>	<b>-11 763</b>
Earnings per share/diluted earnings per share	-0.35	-0.40

#### 2.4.2.2 Consolidated statement of financial position

The tables below show a summary of Play Magnus' consolidated statement of financial position as of 31 December 2021 and 31 December 2020.

##### ASSETS

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

**EQUITY AND LIABILITIES**

Amounts in USD thousands	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
<b>TOTAL EQUITY</b>	<b>42 258</b>	<b>52 657</b>
Non-current financial liabilities	2 457	816
Non-current portion of deferred revenue	511	332
Deferred tax liabilities	683	1 322
<i><b>Total non-current liabilities</b></i>	<i><b>3 650</b></i>	<i><b>2 470</b></i>
Current portion of deferred revenue	2 380	1 287
Accounts payable	2 047	1 052
Taxes payable	116	1
Other current financial liabilities	1 141	216
Other current liabilities	3 076	2 399
<i><b>Total current liabilities</b></i>	<i><b>8 759</b></i>	<i><b>4 955</b></i>
<b>TOTAL LIABILITIES</b>	<b>12 409</b>	<b>7 425</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>54 666</b>	<b>60 082</b>

### 2.4.2.3 Consolidated statement of cash flow

The table below shows a summary of Play Magnus' consolidated statement of cash flows for the years ended 31 December 2021 and 31 December 2020.

Amounts in USD thousands	2021	2020
<b>Operating activities</b>		
Profit (loss) before tax	-19 948	-15 735
Paid taxes	-32	-5
Depreciation	693	217
Amortisation of intangible assets	4 386	2 871
Share based compensation expense	681	1 610
Items classified as investing or financing activities	395	121
Gain (loss) on contingent consideration	77	882
<i>Working capital adjustments:</i>		
Changes in inventories	-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
<b>Net cash provided from operating activities</b>	<b>-12 967</b>	<b>-8 509</b>
<b>Investing activities</b>		
Investments in tangible and intangible assets	-2 224	-2 315
Payment of contingent consideration, Chessable	-	-2 497
Payment for acquisition of iChess LLC, net of cash acquired	-400	55
Payment for acquisition of Interchess BV, net of cash	-2 387	-
Payment for acquisition of Ginger GM Ltd, net of cash	-272	-
Payment for acquisition of Gloucester Publishers Ltd, net of cash	-1 548	-
Payment for acquisition of Aimchess, net of cash	-348	-
Payment for acquisition of Silver Knights Chess, net of cash	-1 999	-
Transaction expenses acquisitions	-261	-85
<b>Net cash used in investing activities</b>	<b>-9 438</b>	<b>-4 841</b>
<b>Financing activities</b>		
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	-396	-164
Interest paid on lease agreements	-134	-36
<b>Net cash provided by (used in) financing activities</b>	<b>7 760</b>	<b>44 006</b>

Foreign currency effects on cash and cash equivalents	-354	2 473
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-14 999</b>	<b>33 129</b>
Cash and cash equivalents at the beginning of year	35 276	2 147
<b>Cash and cash equivalents at end of year</b>	<b>20 278</b>	<b>35 276</b>

## 2.4.3 Selected quarterly and semi-annual financial information

### 2.4.3.1 Consolidated statement of comprehensive income

The table below shows a summary of Play Magnus' consolidated statement of comprehensive income for the three and six months periods ending 30 June 2022 and 30 June 2021.

Amounts in USD thousands	Unaudited Q2 2022	Unaudited Q2 2021	Unaudited H1 2022	Unaudited H1 2021	Audited 2021
Revenue from customers	5 897	5 092	11 964	9 683	21 505
<b>Total operating revenue</b>	<b>5 897</b>	<b>5 092</b>	<b>11 964</b>	<b>9 683</b>	<b>21 505</b>
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	135	207	145	351	681
Consultancy fees	1 636	2 603	4 123	4 933	10 509
Other operating expenses	2 370	1 993	4 282	3 893	8 083
Depreciation, amortization and impairment	1 119	1 266	2 396	2 291	5 080
Other gains and losses	-229	30	-229	30	77
<b>Total operating expenses</b>	<b>9 481</b>	<b>10 116</b>	<b>19 760</b>	<b>18 646</b>	<b>41 087</b>
<b>Operating profit (loss)</b>	<b>-3 583</b>	<b>-5 024</b>	<b>-7 796</b>	<b>-8 963</b>	<b>-19 583</b>
Financial income (expense), net	2 726	46	1 658	-226	-366
<b>Profit (loss) before tax</b>	<b>-857</b>	<b>-4 978</b>	<b>-6 138</b>	<b>-9 189</b>	<b>-19 948</b>
Tax expense	-336	-198	160	351	1 135
<b>Profit (loss)</b>	<b>-1 193</b>	<b>-5 176</b>	<b>-5 978</b>	<b>-8 838</b>	<b>-18 813</b>
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
<b>Other comprehensive income</b>					
<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 be reclassified to profit or loss:</i>					
Exchange differences on translation to USD presentation currency	-5 605	158	-6 008	429	-874
<b>Total</b>	<b>-6 010</b>	<b>33</b>	<b>-5 953</b>	<b>325</b>	<b>-1 014</b>
<b>Total comprehensive income</b>	<b>-7 203</b>	<b>-5 143</b>	<b>-11 931</b>	<b>-8 512</b>	<b>-19 827</b>



### 2.4.3.2 Consolidated statement of financial position

The table below shows a summary of Play Magnus' consolidated statement of financial position as of 30 June 2022 and 30 June 2021.

<b>ASSETS</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
<b>Amounts in USD thousands</b>	<b>30.06.2022</b>	<b>30.06.2021</b>	<b>31.12.2021</b>
Deferred tax assets	17	6	55
Goodwill	7 808	8 492	8 745
Intangible assets	14 998	17 821	18 010
Tangible and right-of-use assets	643	3 510	3 090
Non-current financial assets	44	83	137
<b>TOTAL NON-CURRENT ASSETS</b>	<b>23 511</b>	<b>29 911</b>	<b>30 036</b>
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
<b>TOTAL CURRENT ASSETS</b>	<b>25 396</b>	<b>34 886</b>	<b>24 630</b>
<b>TOTAL ASSETS</b>	<b>48 907</b>	<b>64 797</b>	<b>54 666</b>

  

<b>EQUITY AND LIABILITIES</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
<b>Amounts in USD thousands</b>	<b>30.06.2022</b>	<b>30.06.2021</b>	<b>31.12.2021</b>
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
<b>TOTAL EQUITY</b>	<b>40 432</b>	<b>52 829</b>	<b>42 258</b>
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
<b>Total non-current liabilities</b>	<b>1 828</b>	<b>4 810</b>	<b>3 650</b>

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
<b>Total current liabilities</b>	<b>6 647</b>	<b>7 159</b>	<b>8 759</b>
<b>TOTAL LIABILITIES</b>	<b>8 475</b>	<b>11 968</b>	<b>12 409</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>48 907</b>	<b>64 797</b>	<b>54 666</b>

### 2.4.3.3 Consolidated statement of cash flow

The tables below show a summary of Play Magnus' consolidated statement of cash flows for the six months periods ending 30 June 2022 and 30 June 2021.

Amounts in USD thousands	Unaudited H1 2022	Unaudited H1 2021
<b>Operating activities</b>		
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
<b>Net cash provided from operating activities</b>	<b>-5 270</b>	<b>-6 775</b>
<b>Investing activities</b>		
Investments in tangible and intangible assets	-888	-1 081
Payment for acquisitions, net of cash	-	-4 954
Transaction expenses acquisitions	-	-235
<b>Net cash used in investing activities</b>	<b>-888</b>	<b>-6 271</b>
<b>Financing activities</b>		
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
<b>Net cash provided by (used in) financing activities</b>	<b>9 700</b>	<b>8 055</b>

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
<b>Cash and cash equivalents at end of period</b>	<b>20 191</b>	<b>-3 527</b>

## 2.5 Shareholders

As of 5 September 2022, the Company's 20 largest Shareholders registered in the VPS were as set out below:

#	Shareholder	Country	Number of Shares	%
1.	MAGNUSCHESS AS	NOR	5,249,303	8.54%
2.	GOLDMAN SACHS & CO. LLC	U.S.	5,217,653	8.49%
3.	INVESTINOR DIREKTE AS	NOR	5,088,000	8.28%
4.	CLEARSTREAM BANKING S.A.	LUX	5,084,018	8.27%
5.	LT HOLDINGS LTD	GIB	4,964,620	8.08%
6.	UBS SWITZERLAND AG	CHE	3,819,707	6.22%
7.	THE BANK OF NEW YORK MELLON SA/NV	BEL	2,706,890	4.40%
8.	MYRLID AS	NOR	2,481,942	4.04%
9.	MP PENSJON PK	NOR	2,435,491	3.96%
10.	T.D. VEEN AS	NOR	1,828,777	2.98%
11.	IDEKAPITAL AS	NOR	1,400,250	2.28%
12.	LGT BANK AG	LIE	1,197,850	1.95%
13.	STATE STREET BANK AND TRUST COMP	U.S.	1,100,000	1.79%
14.	ESPEN AGDESTAIN AS	NOR	1,050,000	1.71%
15.	AS STRAEN	NOR	951,300	1.55%
16.	MERRILL LYNCH, PIERCE, FENNER & SM	U.S.	807,300	1.31%
17.	NORDNET LIVSFORSIKRING AS	NOR	730,419	1.19%
18.	SOLAN CAPITAL AS	NOR	460,000	0.75%
19.	BNP PARIBAS SECURITIES SERVICES	FRA	428,734	0.69%
20.	RO INVEST AS	NOR	400,000	0.65%
<b>In total</b>			<b>47,402,254</b>	<b>77.14%</b>

Source: VPS as of 5 September 2022.

## 2.6 Board and Management

As of the date of this Offer Document, the Board of Play Magnus consists of the following directors:

- Anders Brandt, chair of the Board
- Espen Agdestein, Board member
- Henrik Carlsen, Board member
- Leonid Solovyev, Board member
- Nils Lensch-Franzen, Board member
- Patrick Sandahl, Board Member

The Management of the PM Group consists of the following persons:

- Andreas Thome, Chief Executive Officer;
- Arkus Fredriksson, Chief Strategy Officer;
- Dmitri Shneider, Chief Financial Officer;
- Anton Gora, Head of Chess24 / CEO of Aimchess;
- Arne Horvei, Tour Director;

- Geert van der Velde, CEO of Chessable;
- Myriam Ben Farhat, Chief People & Culture Officer;
- Sebastian Kuhnert, Chief Business Development Officer; and
- Tatiana Guarconi, Chief Information Officer.

As of 31 December 2021, the PM Group had 234 full time equivalent employees and consultants.

### **3. DESCRIPTION OF THE OFFEROR**

#### **3.1 About the Offeror**

Chess Growthco is a limited liability company incorporated and existing under the laws of Delaware, the United States. The Offeror was established in 2022 as a single purpose vehicle in order to carry out the Offer.

The Offeror is indirectly wholly-owned by Chess.com, which in turn is ultimately owned by the Parent, see further information below.

#### **3.2 The Chess Group**

##### **3.2.1 Chess.com introduction**

Chess.com, with approximately 20 million monthly active users and more than one million premium subscribers, is a destination for playing, learning, and enjoying chess. The company is focused on growing the game of chess by building great products, making learning and improving easier, and delivering great chess content and events.

The company offers its products, including a live play server, puzzles, lessons, and game analyses, on the Web (accessed via an internet browser on PCs or mobile devices) as well as via standalone applications on Apple and Google mobile devices. In addition to the core Chess.com website and mobile applications, Chess.com operates other brands, such as ChessKid and Learn Chess with Dr. Wolf, which offer similar products for playing and learning chess.

Chess.com operates a freemium business model, where users are able to play and have access to a limited set of features for free but, pay for a subscription to gain access to a broader set of premium features. Premium offerings vary per plan but may include features such as unlimited puzzles, lessons, game review, insights, end games, opening explorer, etc. The revenue model consists of subscription revenue, advertising revenue, and other revenue, which primarily includes sponsorships for events hosted and broadcasted by Chess.com.

Chess.com is a technology company, a gaming company and a content company. And the Chess.com team does it all with passion and commitment to the game of chess. Above all, the team prizes the company's mission-driven, flat, life-celebrating, and no-corporate culture. The Chess.com team consists of 400+ fully remote team members that love chess and are working hard to serve the global chess community.

For more information, please visit <https://www.chess.com/>.

##### **3.2.2 About Rollover LLC**

Rollover LLC was incorporated in 2022 with the sole purpose of facilitating the Offer. Accordingly, the share capital of Rollover LLC will be dependent on the number of Rollover Shareholders and the election by each Rollover Shareholder to receive some or all of the consideration for settlement of the Offer in Consideration Shares, see section 1.5.2 above. Except for the Consideration Shares to be issued to the Rollover Shareholders, there will be no other options, warrants or rights to subscribe for and/or to acquire shares in Rollover LLC.

### 3.2.3 About the Parent

#### 3.2.3.1 Capital structure

As of the date of this Offer Document, the Parent has in aggregate approximately 12,780 class A units and approximately 736 class B units issued and outstanding with the rights and obligations attached to such units under the Chess LLC Agreement. Assuming that 35% of the PM Shares are settled in Consideration Shares (see section 1.5.2 above), the Parent expects to issue preferred units with a capital contribution of approximately USD 52.5 million and warrants to acquire approximately 435 class A units in connection with the financing of the transactions. As of the date of this Offer Document, there are no other options, warrants or rights to subscribe for and/or to acquire units in the Parent.

Assuming that 35% of the PM Shares are settled in Consideration Shares, the Parent expects to have in aggregate preferred units with a capital contribution of approximately USD 52.5 million, approximately 13,560 class A units, warrants to acquire approximately 435 class A units and approximately 736 class B units. The class A units will be held by the Rollover Shareholders through Consideration Shares in Rollover LLC.

Any distributions (other than tax distributions) made by Parent shall be paid in the following order:

- (i) To holders of preferred units in respect of unpaid interest;
- (ii) to holders of preferred units in respect of capital contributions in connection with such preferred units; and
- (iii) pro rata to holders of class A units and class B units (subject to applicable participation thresholds for class B units).

Additional details around distributions, including tax distributions, are more fully outlined in the Chess LLC Agreement. The table below provides an overview of the number of units and voting rights in the Parent prior to and following completion of the Offer and issuance of the Consideration Shares. The number of units and votes for the Class A units are based on the same assumptions as set out above and as further set forth in the Chess LLC Agreement.

	Prior to the Offer		After completion of the Offer	
	Number	Voting rights	Number	Voting rights
Preferred units	0	N/A	USD 52.5 million	0 per preferred unit
Class A units	12,780	1 per class A unit	13,560	1 per class A unit
Warrants to acquire class A units	0	N/A	435	1 per underlying class A unit
Class B units	736	0	736	0

#### 3.2.3.2 The Chess LLC Agreement

As a condition to accepting Consideration Shares (see section 1.5.2 above), Rollover LLC, on behalf of the Rollover Shareholders shall execute the Chess LLC Agreement and be subject to the terms set forth therein. All members of the Parent will be subject to the Chess LLC Agreement upon the closing of the transactions contemplated herein.

Pursuant to the Chess LLC Agreement, each holder of class A units shall be entitled to pro rata distributions after the satisfaction and repayment in full of amounts due to holders of preferred units. Each holder of class A units is entitled to one vote per unit on matters presented to the members of the Parent for approval. The board of managers of the Parent is to be comprised of at least seven managers: (a) three managers designated by GA, (b) two managers designated by the CEO of Chess.com and (c) two independent

managers designated by GA, subject to the CEO's prior approval, in each case, subject to certain exceptions and conditions set forth in the Chess LLC Agreement. GA, the CEO of Chess.com and certain other parties have additional consent rights with respect to enumerated actions proposed to be taken by the Parent and/or its board of managers.

Class A units may not be transferred by the holders thereof, except with the prior written consent of the board of managers of the Parent (including one member designated by GA and one member designated by the CEO of Chess.com) or to certain permitted transferees. Each holder of class A units may be permitted to transfer such units in connection with a tag-along transaction involving GA, subject to certain exceptions. Each holder of class A units may be required to sell or transfer such units in connection with a drag-along transaction approved by GA, subject to the terms and conditions set forth in the Chess LLC Agreement.

The Chess LLC Agreement contains obligations with respect to confidentiality of information, cooperation, public offering restructurings, exculpation and indemnification and other similar or customary obligations, covenants and agreements.

Each of the foregoing terms and conditions, along with additional covenants and agreements, is more fully outlined in the Chess LLC Agreement.

A copy of the Chess LLC Agreement may be provided to Eligible Rollover Shareholders upon such Eligible Rollover Shareholders executing an undertaking of confidentiality with respect to such Chess LLC Agreement.

## **4. TAXATION**

### **4.1 Introduction**

The summary in section 4.2 below contains certain Norwegian tax considerations relevant to the disposal of PM Shares pursuant to the Offer. This summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to the PM Shareholders in connection with the Offer and does not address non-Norwegian tax laws. The summary applies only to certain categories of PM Shareholders who are the beneficial owners of their PM Shares and in particular does not discuss PM Shareholders which are partnerships or similar entities.

The summary is based on applicable Norwegian laws, rules and regulations, as they exist as of the date of this Offer Document. Such laws, rules and regulations are subject to change, possibly on a retroactive basis. The summary is solely intended to provide general guidelines and does not address all matters that may be relevant to a PM Shareholder. The tax treatment of each PM Shareholder may depend on the individual PM Shareholder's specific situation and each PM Shareholder should consult his or her own tax advisor to determine the particular tax consequences for him or her of the Offer and the applicability and effect of any Norwegian or foreign tax laws, tax treaties and possible changes in such laws or treaties.

Any reference in the summary below to a "Norwegian shareholder" refers to a PM Shareholder who is resident for tax purposes in Norway and a "Non-Norwegian shareholder" refers to a PM Shareholder who is not resident for tax purposes in Norway.

For a summary of taxation relating to the Consideration Shares, please refer to section 4.3 below. The summary included in section 4.3 is only relevant for the Eligible Rollover Shareholders.

### **4.2 Norwegian tax consequences for PM Shareholders accepting the Offer**

#### **4.2.1 General**

The sale or other disposal of PM Shares is considered a realization for Norwegian tax purposes, regardless of whether the consideration is paid in cash, shares in other companies or both.

#### **4.2.2 Taxation of capital gains on realization of PM Shares**

##### **4.2.2.1 Norwegian Personal Shareholders**

A capital gain or loss realised by Shareholders who are individuals residents in Norway for tax purposes ("**Norwegian Personal Shareholders**") through a realization of PM Shares is taxable or tax deductible in Norway. The effective tax rate on gain or loss related to shares realised by Norwegian Personal Shareholders is currently 35.2%; i.e. capital gains (less a tax free allowance) and losses shall be multiplied by 1.6 which are then included in or deducted from the Norwegian Personal Shareholder's ordinary income in the year of disposal. Ordinary income is taxable at a flat rate of 22%, increasing the effective tax rate on gains/losses realised by Norwegian Personal Shareholders to 35.2%. The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of Shares disposed of.

The taxable gain/deductible loss is calculated per PM Share, as the difference between the value of consideration for the PM Share (in the form of cash, shares in other companies etc.) and the Norwegian Personal Shareholder's cost price of the PM Share, including any costs incurred in relation to the acquisition or realization of the PM Share. From this capital gain, Norwegian Personal Shareholders are entitled to deduct a calculated allowance when calculating their taxable income provided that such allowance has not already been used to reduce taxable dividend income. The allowance is calculated on a share-by-share basis. The allowance for each PM Share is equal to the cost price of the PM Share multiplied by a determined risk free interest rate based on the effective rate of interest on treasury bills (Nw.: *statskasseveksler*) with three months maturity plus 0.5 percentage points, after tax. The allowance is



calculated for each calendar year, and is allocated solely to Norwegian Personal Shareholders holding PM Shares at the expiration of the relevant calendar year. Norwegian Personal Shareholders who transfer PM Shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any unused allowance one year is added to the cost price of the PM Share and forms the basis for the calculation of the allowance in the next year. The allowance may only be deducted in order to reduce a taxable gain, and cannot be deducted in order to increase or produce a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realization of a PM Share will be annulled.

If the Norwegian Personal Shareholder owns PM Shares acquired at different points in time, the PM Shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

Special rules apply for Norwegian Personal Shareholders who cease to be tax-resident in Norway.

#### **4.2.2.2 Norwegian Corporate Shareholders**

Shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("**Norwegian Corporate Shareholders**"), are exempt from tax on capital gains derived from the realization of PM Shares qualifying for Norwegian participation exemption, such as shares in a Norwegian private limited company (Nw.: *aksjeselskap*). Losses upon the realization and costs incurred in connection with the purchase and realization of such PM Shares are not deductible for tax purposes.

#### **4.2.2.3 Non-Norwegian Shareholders**

Gains from the sale or other realization of Shares by Shareholders who are not resident in Norway for tax purposes ("**Non-Norwegian Shareholders**") will not be subject to taxation in Norway unless the Non-Norwegian Shareholder holds the PM Shares in connection with the conduct of a trade or business in Norway. In such case, the Non-Norwegian Shareholder will be subject to the same taxation as Norwegian Shareholders as described above, see sections 4.2.2.1 (*Norwegian Personal Shareholders*) or 4.2.2.2 (*Norwegian Corporate Shareholders*) above depending on the Non-Norwegian Shareholder's specific circumstances.

#### **4.2.3 Duties on the transfer of shares**

There are currently no Norwegian VAT, stamp duties or transfer taxes on the transfer of shares in Norwegian companies.

### **4.3 Important information for Rollover Shareholders on tax related to the Consideration Shares**

The summary provided in this section 4.3 is only relevant for the Eligible Rollover Shareholders.

#### **4.3.1 U.S. taxation**

##### **4.3.1.1 Introduction**

The tax legislation in the investor's home country and in the U.S. may affect any income received from Consideration Shares in Rollover LLC. The taxation of any dividend as well as capital gains taxation and rules concerning capital losses in connection with disposal of securities, depends on the shareholder's particular circumstances. Special tax rules apply to certain categories of tax-payer and certain type of investment forms.

Each Eligible Rollover Shareholder should therefore consult a tax advisor for information on the specific implications that may arise in an individual case, including the application and effect of foreign tax rules and tax treaties.

#### **4.3.1.2 Certain tax considerations in the United States**

##### **4.3.1.2.1 Introduction**

The following is a summary of certain material U.S. federal income tax consequences generally applicable to non-U.S. Holders (as defined below) with respect to the ownership and disposition of Consideration Shares. Except as expressly provided below, this discussion applies only to non-U.S. Holders that hold their Consideration Shares, and will hold their Consideration Shares received pursuant to the Offer, as capital assets (generally, property held for investment purposes).

A "**non-U.S. Holder**" means a beneficial owner of Consideration Shares that is not, for U.S. federal income tax purposes, any of the following: (a) an individual citizen or resident of the United States; (b) a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (c) an estate the income of which is subject to U.S. federal income taxation regardless of its source; (d) a trust if it (i) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person or (e) a partnership.

This summary is based upon provisions of the Code, and regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those summarized below. This summary does not address all aspects of U.S. federal income taxes and does not deal with state, local, non-U.S. or other tax considerations that may be relevant to non-U.S. holders in light of their particular circumstances. There can be no assurance you that a change in law will not alter significantly the tax considerations that are described in this summary. In addition, this summary does not represent a detailed description of the U.S. federal income tax consequences applicable to a non-U.S. Holder's particular circumstances or to non-U.S. Holders that may be subject to special tax rules, including, without limitation: U.S. expatriates and former citizens or long-term residents of the U.S.; persons who will hold Consideration Shares as part of a straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment; banks, insurance companies and other financial institutions; brokers, dealers or traders in securities or currencies; "controlled foreign corporations," "passive foreign investment companies," and corporations that accumulate earnings to avoid U.S. federal income tax; tax-exempt organizations or governmental organizations; non-U.S. pension funds; persons deemed to sell PM Shares or Consideration Shares under the constructive sale provisions of the Code; persons who will receive Consideration Shares as compensation; and persons that own, or are deemed to own, more than five percent of the capital stock of Rollover LLC (except to the extent specifically set forth below).

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds Consideration Shares, the tax treatment of a partner will generally depend upon the status of the partner, the activities of the partnership and certain determinations made at the partner level. A partner of a partnership holding PM Shares, or which will hold Consideration Shares, is urged to consult its tax advisors.

**The following discussion is for general information purposes only and is not intended to be, nor should it be construed as, legal or tax advice to any PM Shareholder. PM Shareholders are urged to consult their own tax advisors concerning the particular U.S. federal income tax consequences of the ownership and disposition of Consideration Shares, as well as the consequences to you arising under other U.S. federal tax laws and the laws of any other taxing jurisdiction.**

##### **4.3.1.2.2 Distributions by Rollover LLC to Holders of Consideration Shares**

Rollover LLC will make an election to be treated as a corporation for U.S. federal income tax purposes.

In the event that Rollover LLC makes a distribution of cash or other property (other than certain pro rata distributions of its own common stock) in respect of the Consideration Shares, the distribution generally will

be treated as a dividend for U.S. federal income tax purposes to the extent it is paid from the current or accumulated earnings and profits of Rollover LLC, as determined under U.S. federal income tax principles. Any portion of a distribution that exceeds the current and accumulated earnings and profits of Rollover LLC generally will be treated first as a tax-free return of capital, causing a reduction in the adjusted tax basis of a non-U.S. Holder's Consideration Shares, and, to the extent the amount of the distribution exceeds a non-U.S. Holder's adjusted tax basis in its Consideration Shares, the excess will be treated as gain from the disposition of shares of Consideration Shares, the tax treatment of which is discussed below above under section 4.3.1.2.3 (*Disposition of Consideration Shares*).

Dividends paid to a non-U.S. Holder generally will be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty, subject to the discussion of FATCA (as defined herein) below under section 4.3.1.5 (*Additional reporting*). However, dividends that are effectively connected with the conduct of a trade or business by the non-U.S. Holder within the United States (and, if required by an applicable income tax treaty, are attributable to a U.S. permanent establishment) are not subject to the withholding tax, provided certain certification and disclosure requirements are satisfied. Instead, such dividends are subject to U.S. federal income tax on a net income basis in the same manner as if the non-U.S. Holder were a U.S. person as defined under the Code. Any such effectively connected dividends received by a non-U.S. corporation may be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

A non-U.S. Holder who wishes to claim the benefit of an applicable treaty rate and avoid backup withholding, as discussed below, for dividends will be required (a) to provide the applicable withholding agent with a properly executed IRS Form W-8BEN or Form W-8BEN-E (or other applicable form) certifying under penalty of perjury that such holder is not a U.S. person as defined under the Code and is eligible for treaty benefits or (b) if the Consideration Shares are held through certain non-U.S. intermediaries, to satisfy the relevant certification requirements of applicable U.S. Treasury regulations. Special certification and other requirements apply to certain non-U.S. Holders that are pass-through entities rather than corporations or individuals.

A non-U.S. Holder eligible for a reduced rate of U.S. federal withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the U.S. Internal Revenue Service ("IRS").

#### **4.3.1.2.3     Disposition of Consideration Shares**

Subject to the discussion of backup withholding and additional withholding below in section 4.3.1.4 (*Information Reporting and Backup Withholding*), any gain realized by a non-U.S. Holder on the sale or other disposition of Consideration Shares generally will not be subject to U.S. federal income tax unless:

- the gain is effectively connected with a trade or business of the non-U.S. Holder in the United States (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment of the non-U.S. Holder);
- the non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met; or
- Rollover LLC is or will be a "U.S. real property holding corporation" for U.S. federal income tax purposes and certain other conditions are met.

In a situation in the first bullet point or the third bullet point immediately above, a non-U.S. Holder will be subject to tax on the gain derived from the sale or other disposition in the same manner as if the non-U.S. Holder were a U.S. person as defined under the Code. In addition, if any non-U.S. Holder described in the first bullet point immediately above is a non-U.S. corporation, the gain realized by such non-U.S. Holder may be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. An individual non-U.S. Holder described in the second bullet point

immediately above will be subject to a 30% (or such lower rate as may be specified by an applicable income tax treaty) tax on the gain derived from the sale or other disposition, which gain may be offset by U.S.-source capital losses even though the individual is not considered a resident of the United States.

Generally, a corporation is a "U.S. real property holding corporation" if the fair market value of its U.S. real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business (all as determined for U.S. federal income tax purposes). Rollover LLC does not anticipate being or becoming a "U.S. real property holding corporation" for U.S. federal income tax purposes.

#### **4.3.1.3 Taxation of Rollover LLC as Partner of the Parent**

Rollover LLC is a U.S. corporation for U.S. federal income tax purposes, the only asset of which is its interests in the Parent, which is an entity treated as a partnership for U.S. federal income tax purposes. As a partner in the Parent, Rollover LLC will be subject to current tax on its allocable share (whether or not distributed) of the Parent's income, gain, loss, deduction or credit at ordinary U.S. federal, state and local corporate income tax rates.

In connection with a sale transaction or initial public offering of the Parent or its Affiliate, Rollover LLC would be subject to current U.S. federal, state and local tax on any gain recognized in connection with its sale of the interests in the Parent. The Parent has agreed to certain undertakings to attempt to sell or dispose of, as the case may be, the stock of Rollover LLC as part of such a transaction, rather than to cause Rollover LLC's sale or other disposition of the underlying interests in the Parent. If the Parent were able to sell or dispose of the stock of Rollover LLC in such a transaction, there would be no current U.S. federal, state or local income tax at the level of Rollover LLC. However, the Parent can make no assurance that it will be able to sell the stock of Rollover LLC in such a transaction.

Any payment by Rollover LLC of U.S. federal, state and local income taxes on current items of income and gain of the Parent and on any gain recognized on its sale or other disposition of direct interests in the Parent will reduce the investment returns for Rollover Shareholders, compared with the returns if such shareholders had held direct interests in the Parent.

#### **4.3.1.4 Information Reporting and Backup Withholding**

Distributions paid to a non-U.S. Holder and the amount of any tax withheld with respect to such distributions generally will be reported to the IRS, regardless of whether such distributions constitute dividends or whether any tax was actually withheld. Copies of the information returns reporting such distributions and any withholding may also be made available to the tax authorities in the country in which the non-U.S. holder resides under the provisions of an applicable income tax treaty.

A non-U.S. holder will not be subject to backup withholding on dividends received if such holder certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that such holder is a U.S. person as defined under the Code), or such holder otherwise establishes an exemption.

Information reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a sale or other disposition of Consideration Shares made within the United States or conducted through certain U.S.-related financial intermediaries, unless the beneficial owner certifies under penalty of perjury that it is a non-U.S. Holder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a U.S. person as defined under the Code), or such owner otherwise establishes an exemption.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules

will be allowed as a refund or a credit against a non-U.S. Holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

#### **4.3.1.5 Additional reporting**

Under Sections 1471 through 1474 of the Code (such Sections commonly referred to as "**FATCA**"), a 30% U.S. federal withholding tax may apply to any dividends paid on Consideration Shares to (i) a "foreign financial institution" (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA or (y) its compliance (or deemed compliance) with FATCA (which may alternatively be in the form of compliance with an intergovernmental agreement with the United States) in a manner which avoids withholding, or (ii) a "non-financial foreign entity" (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA or (y) adequate information regarding certain substantial U.S. beneficial owners of such entity (if any). Under proposed U.S. Treasury regulations, this withholding tax will not apply to the gross proceeds from the sale or disposition of Consideration Shares, and the proposed regulations permit taxpayers to rely on the proposed Treasury regulations until final Treasury regulations are issued. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. If a dividend payment is both subject to withholding under FATCA and subject to the withholding tax discussed above under section 4.3.1.2.2 (*Distributions by Rollover LLC to Holders of Consideration Shares*), the withholding under FATCA may be credited against, and therefore reduce, such other withholding tax. PM Shareholders considering whether to receive Consideration Shares pursuant to the Exchange are urged to consult their own tax advisors regarding these requirements and whether they may be relevant to their ownership and disposition of Consideration Shares.

#### **4.3.2 Norwegian taxation**

##### **4.3.2.1 General**

The summary in this section 4.3.2 of certain Norwegian tax considerations relevant to the holding and disposal of Consideration Shares. This summary does not purport to be a comprehensive description of all the Norwegian tax considerations that may be relevant for a decision to acquire, own or dispose of Consideration Shares and does not address non-Norwegian tax laws. The summary only applies to shareholders who are beneficial owners of the Consideration Shares.

The summary is based on applicable Norwegian laws, rules and regulations, as they exist as of the date of this Offer Document. Such laws, rules and regulations are subject to change, possibly on a retroactive basis. The summary is solely intended to provide general guidelines and does not address all matters that may be relevant to a PM Shareholder.

For the purposes of the summary below, it is assumed that the Consideration Shares will not be comprised by Norwegian participation exemption for Norwegian Corporate Shareholders.

The tax legislation in Rollover LLC's jurisdiction of incorporation and the tax legislation in the jurisdiction in which the Shareholders are resident for tax purposes may have an impact on the income received from the Consideration Shares. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisors. Shareholders resident in jurisdictions other than Norway and Shareholders who cease to be resident in Norway for tax purposes (due to domestic tax law or tax treaty) should specifically consult with and rely upon their own tax advisers with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes.

Please note that special regimes may be applicable for Norwegian life insurance and pension companies, and their tax treatment may be different from that of other Norwegian Corporate Shareholders.

#### **4.3.2.2 Taxation of dividends**

##### **4.3.2.2.1 General**

Since Rollover LLC is a U.S. company which is tax resident in the U.S., the distribution of dividends are likely to have U.S. tax consequences. See section 4.3.1 (*U.S. taxation*) above.

##### **4.3.2.2.2 Norwegian Corporate Shareholders**

Dividend income received by Norwegian Corporate Shareholders (i.e. limited liability companies and similar entities resident in Norway for tax purposes) on shares not comprised by the Norwegian participation exemption, will be subject to tax as ordinary income (22% flat rate as of 2022). For shares covered by the participation exemption, only 3% of dividend income will be subject to tax as ordinary income (22% flat rate as of 2022), implying that such dividends are effectively taxed at a rate of 0.66%. A non-Norwegian company, tax resident outside the EEA, will be comprised by the Norwegian participation exemption provided that the jurisdiction is not considered as a low tax jurisdiction, and the shareholder has owned at least 10% of the capital and held at least 10% of the votes that can be cast in the general meeting of the company for a period of at least two years. A jurisdiction is considered to be a low tax jurisdiction if the ordinary income tax on the overall profit of the company is less than two thirds of the tax that would have been levied on such company if it had been resident in Norway. The U.S. is generally not considered as a low tax jurisdiction. Dividends from Rollover LLC will thus be covered by the participation exemption for Shareholders that meet the ownership requirements (10% ownership for two years). Please note, however that the assessment of whether a jurisdiction is considered to be a low tax jurisdiction will be considered in each case, depending on the level of taxation of the relevant foreign entity.

For Norwegian Corporate Shareholders that are considered to be "Financial Institutions" the income tax rate is 25%.

If certain requirements are met, Norwegian Corporate Shareholders are entitled to a tax credit in the Norwegian tax for withholding tax imposed on the dividends distributed in the jurisdiction where Rollover LLC is resident for tax purposes. However, any tax exceeding the withholding tax rate according to an applicable tax treaty with the country in which Rollover LLC is resident will not be deductible.

Norwegian Corporate Shareholders may, on certain conditions, be subject to taxation in Norway under the CFC rules, whereby the shareholders will be liable to tax on their proportionate share of the profits of Rollover LLC. The rules apply to shareholders in Norwegian controlled private limited liability companies resident in low tax jurisdictions (income tax on profit less than two thirds than what would have been levied if tax resident in Norway). A company is considered to be Norwegian controlled if at least one half of the ownership interests or capital of the company are directly or indirectly owned or controlled by Norwegian taxpayers, at both the beginning and the end of the tax year. If the ownership share or control is 60% at the end of the year, the company will be considered Norwegian controlled in any case, whereas if the percentage is 40% at the end of the year, the company is not considered to be Norwegian controlled. The U.S. is generally not considered as a low tax jurisdictions under these rules, and thus the rules should not apply, but an individual assessment should be made in each case.

##### **4.3.2.2.3 Norwegian Personal Shareholders**

Dividends distributed to Norwegian Personal Shareholders (as defined in section 4.2.2.1 above) are grossed up with a factor of 1.6 before taxed as ordinary income (22% flat rate, resulting in an effective tax rate of 35.2%) to the extent the dividend exceeds a tax-free allowance.

The tax-free allowance is calculated on a share-by-share basis for each individual shareholder on the basis of the cost price of each of the Consideration Shares multiplied by a risk-free interest rate. The risk-free interest rate is based on the effective rate of interest on treasury bills (Nw.: *statskasserveksler*) with three

months maturity plus 0.5 percentage points, after tax. The tax-free allowance is calculated for each calendar year and is allocated solely to Norwegian Personal Shareholders holding Consideration Shares at the expiration of the relevant calendar year. Norwegian Personal Shareholders who transfer Consideration Shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated tax-free allowance one year exceeding the dividend distributed on the Consideration Share ("unused allowance") may be carried forward and set off against future dividends received on (or gains upon realization of, see below) the same Consideration Share. Any unused allowance will also be added to the basis of computation of the tax-free allowance on the same Consideration Share the following year.

If certain requirements are met, Norwegian Personal Shareholders are entitled to a tax credit in the Norwegian tax for withholding tax imposed on the dividends distributed in the jurisdiction where Rollover LLC is resident for tax purposes. However, any tax exceeding the withholding tax rate according to an applicable tax treaty with the country in which Rollover LLC is resident will not be deductible.

Norwegian Personal Shareholders may, on certain conditions, be subject to taxation in Norway under the CFC rules, whereby the shareholders will be liable to tax on their proportionate share of the profits of Rollover LLC. The rules apply to shareholders in Norwegian controlled private limited liability companies resident in low tax jurisdictions (income tax on profit less than two thirds than what would have been levied if tax resident in Norway). A company is considered to be Norwegian controlled if at least one half of the ownership interests or capital of the company are directly or indirectly owned or controlled by Norwegian taxpayers, at both the beginning and the end of the tax year. If the ownership share or control is 60% at the end of the year, the company will be considered Norwegian controlled in any case, whereas if the percentage is 40% at the end of the year, the company is not considered to be Norwegian controlled. The U.S. is generally not considered as a low tax jurisdictions under these rules, and thus the rules should not apply, but an individual assessment should be made in each case.

#### **4.3.2.2.4 Non-Norwegian Shareholders**

As a general rule, dividends received by Non-Norwegian Shareholders (as defined in section 4.2.2.3 above) from shares in non-Norwegian tax resident companies are not subject to Norwegian taxation unless the Non-Norwegian Shareholder holds the shares in connection with the conduct of a trade or business in Norway.

#### **4.3.2.3 Taxation of capital gains**

##### **4.3.2.3.1 Norwegian Corporate Shareholders**

Capital gains generated by Norwegian Corporate Shareholders through a realization of Consideration Shares will as a main rule be taxable as ordinary income (22% flat rate as of 2022). Gains generated through a realization of Consideration Shares comprised by the Norwegian participation exemption, will be exempt from Norwegian tax for such investors. As described above, Consideration Shares in Rollover LLC will only be covered by the Norwegian participation exemption if the shareholder has owned at least 10% of the capital and held at least 10% of the votes that can be cast in the general meeting of the company, for a period of at least two years. Losses from realization of Consideration Shares and costs incurred in connection with the purchase and realization of such Consideration Shares are not tax deductible for Norwegian Corporate Shareholders to the extent that the Norwegian Corporate Shareholders and related parties, in aggregate, at any point in time over the last two years until the date of incurring such loss, have owned 10% or more of the share capital or held 10% or more of the votes that can be cast at the general meeting.

##### **4.3.2.3.2 Norwegian Personal Shareholders**

Norwegian Personal Shareholders are taxable in Norway for capital gains derived from realization of Consideration Shares, and have a corresponding right to deduct losses. This applies irrespective of how

long the Consideration Shares have been owned by the individual shareholder and irrespective of how many Consideration Shares that are realized. Gains are taxable as ordinary income in the year of realization and losses can be deducted from ordinary income in the year of realization. Any gain or loss is grossed up with a factor of 1.6 before taxed at a rate of 22% (resulting in an effective tax rate of 35.2%). Under current tax rules, gain or loss is calculated per Consideration Share, as the difference between the consideration received for the Consideration Share and the Norwegian Personal Shareholder's cost price for the Consideration Share, including costs incurred in connection with the acquisition or realization of the Consideration Share. Any unused tax-free allowance connected to a Consideration Share may be deducted from a capital gain on the same Consideration Share, but may not create or increase a deductible loss. Further, unused tax-free allowance related to a Consideration Share cannot be set off against gains from realization of other Consideration Shares.

If a Norwegian Personal Shareholder realizes Consideration Shares acquired at different points in time, the Consideration Shares that were first acquired will be deemed as first sold (the "first in first out"-principle) upon calculating taxable gain or loss. Costs incurred in connection with the purchase and sale of Consideration Shares may be deducted in the year of sale.

A shareholder who ceases to be tax resident in Norway due to domestic law or tax treaty provisions may become subject to Norwegian exit taxation of capital gains related to the Consideration Shares in certain circumstances.

#### **4.3.2.3.3 Non-Norwegian Shareholders**

Capital gain or loss derived from the sale or other disposal of Consideration Shares by a Non-Norwegian Shareholder will not be subject to taxation in Norway unless the Non-Norwegian Shareholder holds the Consideration Shares in connection with business activities carried out or managed from Norway.

#### **4.3.2.3.4 Net wealth tax**

The value of Consideration Shares is included in the basis for the computation of net wealth tax imposed on Norwegian Personal Shareholders. Currently, the marginal net wealth tax rate is 0.95% on net wealth up to NOK 20 million and 1.1% for net wealth above NOK 20 million. The value for assessment purposes for shares in non-Norwegian companies is as a general rule equal to 75% of the fair market value (listed value) as of 1 January in the year of assessment (i.e. the year following the relevant fiscal year). The value of debt allocated to the shares is reduced correspondingly (i.e. to 75%) for assessment purposes.

Norwegian Corporate Shareholders are not subject to net wealth tax.

Non-Norwegian Shareholders are not subject to Norwegian net wealth tax with respect to the Consideration Shares, unless the shareholder is an individual, and the shareholding is effectively connected with a business which the shareholder takes part in or carries out in Norway. Such taxation may be limited according to an applicable tax treaty.

#### **4.3.2.4 Transfer taxes etc. VAT**

See section 4.2.3 (*Duties on the transfer of shares*) above.



**ARTICLES OF ASSOCIATION  
OF  
PLAY MAGNUS AS<sup>1</sup>  
(BUSINESS REGISTER NO. 912 523 802)**

**§ 1**

The company's name is Play Magnus AS.

**§ 2**

The company's business offices are located in the municipality of Oslo.

**§ 3**

The company's business is directly and indirectly the ownership, development, marketing and sale of chess-related eLearning and eSports services, the creation and management of bespoke chess events, tournaments and sponsorship experiences for corporate partners, and anything related thereto.

**§ 4**

The company's share capital is NOK 614,527.22, divided into 61,452,722 shares, each with a par value of NOK 0.01.

**§ 5**

The shares in the Company are freely transferable. Accordingly, acquisition of shares is not subject to consent from the Company's board of directors and the shareholders shall not have pre-emptive rights in the event of share transfers.

**§ 6**

The Company's shares shall be registered with The Norwegian Central Securities Depository (VPS).

**§ 7**

Documents concerning matters to be considered at the company's general meeting, including documents which by law must be included in or enclosed with the notice of the general meeting, need not be sent to shareholders if the documents are made available on the company's website. Notwithstanding the foregoing, a shareholder may request a copy of documents, which concern matters to be considered at the general meeting.

The board of directors may decide that shareholders who want to participate in the general meeting must notify the company thereof within a specific deadline that cannot expire earlier than three days prior to the general meeting.

The shareholders may cast their votes in writing, including through electronic communication, in a period prior to the general meeting. The board of directors may establish specific guidelines for such advance voting. It must be stated in the notice of the general meeting which guidelines have been set.

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<sup>1</sup> English office translation. In case of discrepancies, the Norwegian version shall prevail (see next page).

**VEDTEKTER**  
**FOR**  
**PLAY MAGNUS AS**  
**(ORG.NR. 912 523 802)**

**§ 1**

Selskapets foretaksnavn er Play Magnus AS.

**§ 2**

Selskapet forretningskontor er i Oslo kommune.

**§ 3**

Selskapets virksomhet er direkte og indirekte eierskap, utvikling, markedsføring og salg av sjakk-relaterte eLæring- og eSportstjenester, utvikling og gjennomføring av skreddersydde sjakkarrangementer, turneringer og sponsoropplevelser for bedrifter og alt som er relatert dertil.

**§ 4**

Selskapets aksjekapital er NOK 614.527,22 fordelt på 61.452.722 aksjer, hver pålydende NOK 0,01.

**§ 5**

Selskapets aksjer er fritt omsettelige. Erverv av aksjer er således ikke betinget av samtykke fra selskapets styre, og aksjeeierne har ikke forkjøpsrett ved overdragelse av aksjer.

**§ 6**

Selskapets aksjer skal være registrert i Verdipapirsentralen.

**§ 7**

Dokumenter som gjelder saker som skal behandles på generalforsamlingen, herunder dokumenter som i henhold til lov skal inntas i eller vedlegges innkallingen, trenger ikke sendes til aksjonærene dersom dokumentene gjøres tilgjengelig på selskapets internettside. En aksjonær kan likevel kreve å få tilsendt dokumenter som gjelder saker som skal behandles på generalforsamlingen.

Styret kan beslutte at aksjonærer som vil delta på generalforsamlingen, må melde dette til selskapet innen en bestemt frist som ikke kan utløpe tidligere enn tre dager før generalforsamlingen.

Aksjeeiere kan avgi sin stemme skriftlig, herunder ved bruk av elektronisk kommunikasjon, i en periode før generalforsamlingen. Styret kan fastsette nærmere retningslinjer for slik forhåndsstemming. Det skal fremgå av generalforsamlingsinnkallingen hvilke retningslinjer som er fastsatt.

**A) ACCEPTANCE FORM FOR ALL PM SHAREHOLDERS (EXCEPT ELIGIBLE ROLLOVER SHAREHOLDERS)**

To be used for accepting the Offer by Chess Growthco LLC (the "Offeror") described in the Offer Document dated 6 September 2022 to purchase all outstanding Shares in Play Magnus AS for NOK 13.00 per Share. Capitalized terms used in this Acceptance Form shall have the same meaning as set out in the Offer Document. Properly completed and signed Acceptance Forms may be sent by e-mail or post to the Receiving Agent, at the following address:

**Return to:**

Skandinaviska Enskilda Banken AB (publ), Oslo Branch  
Filipstad brygge 1  
P.O. Box 1843 Vikta, 0123 Oslo, Norway  
Email: acceptance@seb.no

Shareholdings in Play Magnus AS registered with the VPS on 6 September 2022			
VPS account:	Number of Shares:	Bank account registered in VPS:	Rights holder registered:

**Acceptance deadline**

**THIS ACCEPTANCE FORM MUST BE RECEIVED BY SKANDINAVISKA ENSKILDA BANKEN AB (PUBL), OSLO BRANCH, THE RECEIVING AGENT, BY 16:30 (CEST) ON 5 OCTOBER 2022, SUBJECT TO EXTENSION OF THE OFFER PERIOD.** SHAREHOLDERS WITH PM SHARES REGISTERED ON MORE THAN ONE VPS ACCOUNT WILL RECEIVE ONE ACCEPTANCE FORM FOR EACH ACCOUNT AND MUST SUBMIT A SEPARATE ACCEPTANCE FORM FOR THE SHARES IN EACH ACCOUNT. THE OFFEROR RESERVES THE RIGHT TO REJECT ANY ACCEPTANCE OF THE OFFER WHICH IS NOT IN PROPER FORM, OR WHICH MAY BE UNLAWFUL. PLEASE NOTE THAT IF THE OFFER PERIOD AS DESCRIBED IN THE OFFER DOCUMENT IS EXTENDED, THE ACCEPTANCE DEADLINE WILL BE ADJUSTED ACCORDINGLY. The Offeror reserves the right, but shall in no event be obliged, to accept any Acceptance Form which is delivered after the expiry of the Offer Period and to treat an Acceptance of the Offer as valid although the Acceptance Form has not been properly completed or is not accompanied by the required evidence of authority or is received at a place other than as set out above.

**To the Offeror and the Receiving Agent:**

- I/We confirm that I/we have received and reviewed the Offer Document and hereby accept the Offer for all my/our PM Shares in accordance with the terms and conditions set forth in the Offer Document. My/our Acceptance includes, in addition to Shares I/we have registered on the VPS account stated above, all Shares I/we hold or acquire, and that are registered on the above-mentioned VPS account, when settlement pursuant to the Offer is completed, save for Shares on VPS accounts in the name of a broker, dealer, commercial bank, trust company or other nominee not accepting the Offer.
- I/We accept that I/we may not sell, or in any other way dispose over, use as security, pledge, encumber or otherwise transfer to another VPS account, the Shares covered by this Acceptance. Further, I/we irrevocably authorise the Receiving Agent to block the Shares on the above-mentioned VPS account in favour of the Receiving Agent on behalf of the Offeror and I/we acknowledge that this Acceptance is irrevocable and cannot be withdrawn after receipt by the Receiving Agent.
- I/We give the Receiving Agent irrevocable authorization and instruction to debit my/our VPS account, and to transfer the Shares covered by this Acceptance to the Offeror against payment of the Offer Price upon settlement of the Offer.
- I/We acknowledge that all Shareholders' rights pertaining to the Shares covered by this Acceptance shall, to the extent permitted under Norwegian law, be vested with me/us until settlement of the Offer, at such time all Shareholders' rights will be transferred to the Offeror.
- I/We accept that payment will be credited to my/our bank account used by the VPS for dividend payments, or, if there is no record of such account, the shareholder must specify below the bank account to which payment should be made. For shareholders who do not hold a bank account with a Norwegian bank, payment details must be included in addition to the bank account number, such as name of the bank, IBAN, SWIFT/BIC, or similar payment codes depending on the jurisdiction where the bank account is located. I/We accept that in the event I/we have not supplied the VPS with details of any bank account, or specified a bank account on the Acceptance Form (or on a separate sheet submitted together with the Acceptance Form) and do not have a bank account known by the Receiving Agent, settlement will be made upon further request and that the Receiving Agent will make endeavours to make contact in order to verify my/our bank account details and to the extent the Receiving Agent is not able to make such contact, that the funds will be deposited for collection at a later stage.

Fill in here (if relevant):

- |    | Bank  | IBAN-number | SWIFT/BIC-code |
|----|---|-------------|----------------|
| 6. | My/Our Shares will be transferred free of any encumbrances and any other third-party rights whatsoever and with all shareholder rights attached to them. Any third party with registered encumbrances or other third-party rights over my/our Shares and/or VPS account(s) must sign the Acceptance Form and thereby waive its rights in the Shares for which the Acceptance Form relates to and approve the transfer of my/our Shares to the Offeror free of any such encumbrances and any other third-party rights whatsoever for the Acceptance to be valid. |             |                |
| 7. | The Offeror will pay my/our costs directly related to the VPS transactions in connection with my/our Acceptance of the Offer.   |             |                |
| 8. | This Acceptance Form and the Offer is subject to and governed by Norwegian law with Oslo District Court as exclusive legal venue.   |             |                |
| 9. | I/We represent that I/we am/are permitted by all applicable law to accept the Offer and have complied with all applicable legal requirements so that the Offer may be made to, and accepted by, me/us under the laws of all relevant jurisdictions.   |             |                |

Place	Date	Telephone no.	Signature *)
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\*) If signed pursuant to proxy, a proxy form or company certificate confirming the authorised signature must be enclosed.

**Rights holder(s):**

In the event that there is registered holder(s) of rights on the VPS account this is marked with a "YES" above in the right-hand box of this Acceptance Form. As rights holder the undersigned consents that the transaction is undertaken on the above-mentioned terms.

Place	Date	Telephone no.	Rights holder's signature *)
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\*) If signed pursuant to proxy, a proxy form or company certificate confirming the authorised signature must be enclosed. If more than one charge holder is registered, each of the charge holders must sign the Acceptance Form.

**B) ACCEPTANCE FORM SOLELY FOR ELIGIBLE ROLLOVER SHAREHOLDERS**

To be used for accepting the Offer by Chess Growthco LLC (the "Offeror") described in the Offer Document dated 6 September 2022 to purchase all outstanding Shares in Play Magnus AS for NOK 13.00 per Share. **Eligible Rollover Shareholders are entitled to elect to receive some or all of the consideration for settlement of the Offer in Consideration Shares according to the terms set out in the Offer Document and this Acceptance form, provided that if a Rollover Shareholder elects a combination of cash and Share Consideration, the Share Consideration must be elected for at least 38,477 PM Shares by the relevant Rollover Shareholder.** Capitalized terms used in this Acceptance Form shall have the same meaning as set out in the Offer Document. Properly completed and signed Acceptance Forms may be sent by e-mail or post to the Receiving Agent, at the following address:

**Return to:**  
 Skandinaviska Enskilda Banken AB (publ), Oslo Branch  
 Filipstad brygge 1  
 P.O. Box 1843 Vikta, 0123 Oslo, Norway  
 Email: [acceptance@seb.no](mailto:acceptance@seb.no)

Shareholdings in Play Magnus AS registered with the VPS on 6 September 2022			
VPS account:	Number of Shares:	Bank account registered in VPS:	Rights holder registered:

**Acceptance deadline**

**THIS ACCEPTANCE FORM MUST BE RECEIVED BY SKANDINAVISKA ENSKILDA BANKEN AB (PUBL), OSLO BRANCH, THE RECEIVING AGENT, BY 16:30 (CEST) ON 5 OCTOBER 2022, SUBJECT TO EXTENSION OF THE OFFER PERIOD.** SHAREHOLDERS WITH PM SHARES REGISTERED ON MORE THAN ONE VPS ACCOUNT WILL RECEIVE ONE ACCEPTANCE FORM FOR EACH ACCOUNT AND MUST SUBMIT A SEPARATE ACCEPTANCE FORM FOR THE SHARES IN EACH ACCOUNT. THE OFFEROR RESERVES THE RIGHT TO REJECT ANY ACCEPTANCE OF THE OFFER WHICH IS NOT IN PROPER FORM, OR WHICH MAY BE UNLAWFUL. PLEASE NOTE THAT IF THE OFFER PERIOD AS DESCRIBED IN THE OFFER DOCUMENT IS EXTENDED, THE ACCEPTANCE DEADLINE WILL BE ADJUSTED ACCORDINGLY. The Offeror reserves the right, but shall in no event be obliged, to accept any Acceptance Form which is delivered after the expiry of the Offer Period and to treat an Acceptance of the Offer as valid although the Acceptance Form has not been properly completed or is not accompanied by the required evidence of authority or is received at a place other than as set out above.

**To the Offeror and the Receiving Agent:**

- I/We confirm that I/we have received and reviewed the Offer Document and hereby accept the Offer for all my/our PM Shares in accordance with the terms and conditions set forth in the Offer Document. My/our Acceptance includes, in addition to Shares I/we have registered on the VPS account stated above, all Shares I/we hold or acquire, and that are registered on the above-mentioned VPS account, when settlement pursuant to the Offer is completed, save for Shares on VPS accounts in the name of a broker, dealer, commercial bank, trust company or other nominee not accepting the Offer.
- I/We accept that I/we may not sell, or in any other way dispose over, use as security, pledge, encumber or otherwise transfer to another VPS account, the Shares covered by this Acceptance. Further, I/we irrevocably authorise the Receiving Agent to block the Shares on the above-mentioned VPS account in favour of the Receiving Agent on behalf of the Offeror and I/we acknowledge that this Acceptance is irrevocable and cannot be withdrawn after receipt by the Receiving Agent.
- I/We accept the Offer for the Offer Price of NOK 13.00 per PM Share tendered by me/us and want the settlement of the Offer Price to take place as specified below (**select your choice by checking one box only**), and accept that I/we will receive consideration for the tendered PM Shares as specified in the first box if no explicit selection is made:

- ☐ I/we want to receive solely Consideration Shares.
- ☐ I/we want to receive solely cash consideration calculated based on the Offer Price.
- ☐ I/we want to receive Consideration Shares for a total \_\_\_\_\_ of my/our PM Shares,\* and cash consideration calculated based on the Offer Price for a total \_\_\_\_\_ of my/our PM Shares.

\* The number of PM Shares stated may not be lower than 38,477 PM Shares.

- I/We give the Receiving Agent irrevocable authorization and instruction to debit my/our VPS account, and to transfer the Shares covered by this Acceptance to the Offeror against my/our choice of consideration set out above upon settlement of the Offer.
- I/We acknowledge that all Shareholders' rights pertaining to the Shares covered by this Acceptance shall, to the extent permitted under Norwegian law, be vested with me/us until settlement of the Offer, at such time all Shareholders' rights will be transferred to the Offeror.
- If I/we have checked the second or the third box above:** I/We accept that payment will be credited to my/our bank account used by the VPS for dividend payments, or, if there is no record of such account, the shareholder must specify below the bank account to which payment should be made. For shareholders who do not hold a bank account with a Norwegian bank, payment details must be included in addition to the bank account number, such as name of the bank, IBAN, SWIFT/BIC, or similar payment codes depending on the jurisdiction where the bank account is located. I/We accept that in the event I/we have not supplied the VPS with details of any bank account, or specified a bank account on the Acceptance Form (or on a separate sheet submitted together with the Acceptance Form) and do not have a bank account known by the Receiving Agent, settlement will be made upon further request and that the Receiving Agent will make endeavours to make contact in order to verify my/our bank account details and to the extent the Receiving Agent is not able to make such contact, that the funds will be deposited for collection at a later stage.
- If I/we have checked the first or the third box above:**
  - I/We acknowledge that the Offeror or the Parent may now possess and may hereafter possess certain non-public information concerning the Parent and its Affiliates and/or the units of the Parent that may or may not be independently known to me/us. I/We acknowledge that such information includes information relating to, but not limited to, information regarding financial forecasts, future capital expenditures and business strategy (all of such non-public information referred to in this paragraph is hereinafter referred to as the "Non-Public Information"). I/we have entered into this Acceptance Form notwithstanding that I/we am/are aware that the Non-Public Information exists, and that it has not been disclosed by the Offeror or the Parent, and I/we confirm and acknowledge that neither the existence of the Non-Public Information, nor the substance of it, nor the fact that it has not been disclosed by the Offeror or the Parent is material to me/us or to my/our determination to accept the Offer.

## Appendix 2

- ii. I/we represent that I/we am/are (i) not a U.S. person as defined in Rule 902(k)(1) promulgated under Regulation S of the U.S. Securities Act of 1933 (the "**U.S. Securities Act**"), or (ii) an Accredited Investor as defined in Rule 501(a) promulgated under Regulation D of the U.S. Securities Act and/or a Qualified Institutional Buyer as defined in Rule 144A under the U.S. Securities Act and I/we am/are receiving Consideration Shares for my/our own account for investment purposes and not with a view to any distribution, directly or indirectly, in the United States or otherwise in violation of the U.S. securities laws.
- iii. I/we acknowledge (i) that I/we am/are (a) sophisticated investor(s), capable of assessing and assuming investment risks with respect to securities, including securities such as the Consideration Shares, and (ii) that I/we am/are accepting the Offer with the Offeror in reliance on this acknowledgment. I/we represent that I/we have, independently and without reliance upon the Offeror or the Parent and based on such information as I/we have deemed appropriate in my/our independent judgment, made my/our own analysis and decision to accept the Offer. The Offeror, nor the Parent has made and makes any representation or warranty, whether express or implied, of any kind or character except as expressly set forth in this Acceptance Form and the Offeror nor the Parent has any obligations to me/us, whether express or implied, including, without limitation, fiduciary obligations, except for those express obligations set forth herein. I/we acknowledge that the Consideration Shares that we receive will be restricted securities within the meaning of U.S. Securities Act and may only be sold pursuant to an exemption from the U.S. Securities Act or registration thereunder. We understand that the issuer of the Consideration Shares may implement certain procedures to ensure compliance with applicable transfer restrictions under the U.S. Securities Act.
- iv. I/We irrevocably authorise the Receiving Agent to subscribe for my/our account for (and in any other way execute all formalities necessary to deliver) the Consideration Shares to me/us in settlement of the Offer, and to take and effect such other actions and acts as may be necessary or appropriate in the discretion of the Receiving Agent to complete the Offer and the settlement of the Consideration Shares.

**If I/we have checked the first or the third box above, I/we acknowledge that I/we will be required to (i) sign a confidentiality agreement to receive information on the Parent, (ii) enter into a limited liability company agreement for Rollover LLC, which shall include customary transfer restrictions included in the Chess LLC Agreement, and (iii) cause Rollover LLC to enter into a deed of adherence to the Chess LLC Agreement. Please contact the Receiving Agent by phone to +47 21 00 87 05 or email to [acceptance@seb.no](mailto:acceptance@seb.no) to receive the required documents.**

Fill in here (if relevant):

- |     | Bank  | IBAN-number | SWIFT/BIC-code |
|-----|---|-------------|----------------|
| 8.  | My/Our Shares will be transferred free of any encumbrances and any other third-party rights whatsoever and with all shareholder rights attached to them. Any third party with registered encumbrances or other third-party rights over my/our Shares and/or VPS account(s) must sign the Acceptance Form and thereby waive its rights in the Shares for which the Acceptance Form relates to and approve the transfer of my/our Shares to the Offeror free of any such encumbrances and any other third-party rights whatsoever for the Acceptance to be valid. |             |                |
| 9.  | The Offeror will pay my/our costs directly related to the VPS transactions in connection with my/our Acceptance of the Offer.   |             |                |
| 10. | I/We represent that I/we have full power and authority, corporate or otherwise, and am/are permitted by all applicable laws to accept the Offer and have complied with all applicable legal requirements so that the Offer may be made to, and accepted by, me/us under the laws of all relevant jurisdictions.   |             |                |
| 11. | This Acceptance Form and the Offer is subject to and governed by Norwegian law with Oslo District Court as exclusive legal venue.   |             |                |
| 12. | In the event any provision of this Acceptance Form shall be determined to be invalid or unenforceable by any court of competent jurisdiction, the remainder of this Acceptance Form shall be effected thereby in any invalid or unenforceable provision shall be reformed so as to be valid and enforceable to the full extent permitted by law.  |             |                |

Place	Date	Telephone no.	Email address	Signature *)
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\*) If signed pursuant to proxy, a proxy form or company certificate confirming the authorised signature must be enclosed.

### Rights holder(s):

In the event that there is registered holder(s) of rights on the VPS-account this is marked with a "YES" above in the right-hand box of this Acceptance Form. As rights holder the undersigned consents that the transaction is undertaken on the above-mentioned terms.

Place	Date	Telephone no.	Email address	Rights holder's signature *)
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\*) If signed pursuant to proxy, a proxy form or company certificate confirming the authorised signature must be enclosed. If more than one charge holder is registered, each of the charge holders must sign the Acceptance Form.

**PLAY MAGNUS AS**  
**STATEMENT FROM THE BOARD OF DIRECTORS**

**1. INTRODUCTION**

This statement is made by the Board of Directors (the "**Board**") of Play Magnus AS (the "**Company**") in connection with an offer by Chess Growthco LLC (the "**Offeror**") to acquire all issued and outstanding shares in the Company on a fully diluted basis (the "**Offer**"). This statement will be attached as an appendix to the offer document prepared by the Offeror for the Offer (the "**Offer Document**").

**2. BACKGROUND**

On 20 June 2022, and following entering into of a confidentiality undertaking on 29 March 2022, the Company received a non-binding and indicative offer from Chess.com, LLC (the "**Parent**"), the Offeror's parent company, which was later amended by an updated non-binding and indicate offer dated 18 July 2022. On 3 August 2022, the Company and the Parent entered into a process agreement governing inter alia the Parent's confirmatory due diligence of the Company and its subsidiaries (the "**Group**").

On 24 August 2022, the Company and the Offeror entered into a transaction agreement, as amended by an amendment agreement dated 6 September 2022 (the "**Transaction Agreement**"), pursuant to which the Offeror launched the Offer on 6 September 2022, with an offer period commencing on 7 September 2022 and ending on 5 October 2022 at 16:30 (CEST).

Detailed information about the Offer, including the conditions of the Offer, is included in the Offer Document.

**3. ASSESSMENT OF THE OFFER**

After careful considerations of the terms and conditions of the Offer, the Board has unanimously resolved to recommend that the shareholders of the Company accept the Offer. The Board has based its recommendation on an assessment of various factors, including but not limited to, its assumptions regarding the Company's business and financials, performance and outlook.

As further described in the Offer Document, shareholders that owned more than 0.5% of the shares in the Company as of 24 August 2022 and/or 6 September 2022 are given the option to elect between consideration in cash, shares in Chess Holdings, LLC (through a holding vehicle as described in the Offer Document) or a combination thereof. The Board makes no recommendation with respect to the election between these alternatives and in particular no recommendation on whether to acquire shares in Chess Holdings, LLC or not. The election between these alternatives, including any decision to acquire shares in Chess Holdings, LLC with the rights and obligations resulting therefrom, must be made by the relevant shareholders solely at their own risk.

When recommending the Offer, the Board has considered the Offer Price (as defined below) and the other terms and conditions of the Offer and a fairness opinion from one of its financial advisors, ABG Sundal Collier ASA, concluding that the Offer is fair from a financial point of view to the shareholders of the Company.

The price of NOK 13 per share (the "**Offer Price**") values the total share capital of the Company at a market capitalization of approximately NOK 798,885,386. Based on the closing price of the Company's shares on 23 August 2022, the Offer Price is:

- 28.46% above the closing price of NOK 10.12 on 23 August 2022;
- 44.42% above the 30-day volume weighted average price ("VWAP") of NOK 9.00 ending 23 August 2022; and
- 44.36% above the three-month VWAP of NOK 9.01 ending on 23 August 2022.

In reaching its conclusion to recommend the Offer, the Board also considered the positive effects the Offer might have for the other stakeholders of the Company, including employees, customers and business partners.

The shareholders represented on the Board have entered into undertakings to pre-accept the Offer in respect of shares they hold. These pre-acceptances are binding and irrevocable, unless (i) the Offer has lapsed, been terminated or otherwise expired, or (ii) if the Offeror has not, on or prior to 16:30 CET on 24 November 2022 (subject to extension by the Offeror in its sole discretion by up to three months if any approvals or reviews by applicable regulatory authorities in connection with the Offer are pending at such date), unless the Company and the Offeror has agreed to extend such date to a later date (in which event such later date will apply), publicly announced that the conditions for closing of the Offer have been satisfied or waived by the Offeror or (iii) a competing offer is made by a third party, such competing offer is considered by the Board to be more favourable to the shareholders than the Offer, is not matched by the Offeror within the deadline agreed in the Transaction Agreement for such matching offer, and the Board on the basis of such competing offer has withdrawn its recommendation of the Offer.

The Company has entered into a Transaction Agreement with the Offeror which governs certain matters relating to the process, conduct of business and material aspects of the Offer. The Board would like to make the shareholders aware that the Company has undertaken not to amend or withdraw its recommendation of the Offer unless it receives a bona fide superior competing offer which fulfils certain pre-agreed terms, and that the Board, acting in good faith and taking into account all aspects of such offer, considers it to be more favourable to the shareholders of the Company, and the Offeror does not match the superior offer within five business days of having been notified of the competing offer and such competing offer is thereafter recommended by the Board.

The Company will pursuant to the Transaction Agreement also, up to a maximum amount of NOK 20 million, be required to compensate the Offeror for the costs and expenses incurred by the Offeror to its external advisers (i) in the event of a material breach of the agreement by the Company or (ii) upon the withdrawal by the Board of its recommendation of the Offer.

Completion of the Offer will be subject to the following conditions being satisfied or waived by the Offeror (acting in its sole discretion and unless otherwise set out in the Offer Document): (i) Shareholders of the Company representing more than 90% of the share capital on a fully diluted basis having validly accepted the Offer, (ii) the Board shall not have amended or withdrawn its recommendation of the Offer, (iii) that relevant regulatory approvals (if any) have been obtained, (iv) the Company shall conduct its business in the ordinary course of business, (v) no material breach by the Company of the Transaction Agreement shall have occurred, (vi) no court or governmental or regulatory authority of any competent jurisdiction shall have taken any form of legal action that has the effect of the Offer not being able to be consummated or, in connection with the Offer, impose material adverse conditions upon the Offeror or any entities within the Group, (vii) no Material Adverse Change (as defined in the Offer Document) shall have occurred between the date of the Transaction Agreement and until settlement of the Offer, and (viii) the MC Agreement (as defined in the Offer Document) shall remain valid and in full force between the date of the Transaction Agreement and following the Settlement Date, and as at the Settlement Date, the Company shall cause the termination of the Existing MC Agreements (as defined in the Offer Document). The Offer is not subject to any financing or due diligence conditions.

Pursuant to the Norwegian Private Limited Liability Companies Act, the Offeror will have the right to commence a compulsory acquisition for cash of the shares not already owned by the Offeror if the Offeror becomes the owner of shares representing more than 90% of the total number of shares issued by the Company. The Board notes that the Offeror in such case, intends to effectuate a compulsory acquisition upon completion of the Offer. Furthermore, if the Offeror no longer considers the listing of the Company's shares on Euronext Growth appropriate, the Offeror may propose to the general meeting of the Company that the Company shall apply for delisting of its shares from Euronext Growth. The Board notes that the Offeror intends to propose to the general meeting of the Company that an application shall be made to the Oslo Stock Exchange to delist the shares in the Company from Euronext Growth in the event the Offer is completed. An application to delist the shares in the Company would require the approval by 2/3 majority of votes cast and the share capital represented at such general meeting.

It should be noted that the Offeror will not be required to make a subsequent mandatory offer for the remaining shares in the Company should the Offer be completed as Euronext Growth is not a regulated marketplace. In the event that the Offeror should decide to waive the 90% acceptance level and complete the Offer with a lower acceptance level, a compulsory acquisition will then not be forthcoming either. The employees of the Company have not made any separate

statement regarding the Offer.

Based on the above and the various interests involved, taking into account the Offer Price and other terms of the Offer, the Board has found the Offer made by the Offeror to be in the best interests of the Company and its shareholders, and the Company's employees. Accordingly, the Board recommends the shareholders of the Company to accept the Offer. The recommendation by the Board is unanimous.

None of the members of the Board or members of the executive management of the Company or close associates of such individuals has any current or recent affiliation with the Offeror.

\* \* \*

Oslo, 6 September 2022

The Board of Play Magnus AS





**Play Magnus AS**

Tordenskiolds gate 2  
0160 Oslo  
Norway

**Chess Growthco LLC**

877 E 1200 S #970397  
Orem, UT 84097  
the United States

**Receiving Agent**



**Skandinaviska Enskilda Banken AB (publ), Oslo Branch**

Filipstad brygge 1  
0123 Oslo  
Norway

**Legal advisors**

**Paul | Weiss**

**Paul, Weiss, Rifkind, Wharton & Garrison LLP**

Alder Castle, 10 Noble Street  
London EC2V 7JU  
The United Kingdom

**WIKBORG | REIN**

**Wikborg Rein Advokatfirma AS**

Dronning Mauds gate 11  
0250 Oslo  
Norway