THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document or the action you should take, you are recommended to seek your own financial advice immediately from an appropriately authorised stockbroker, bank manager, solicitor, accountant or other independent financial adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000, as amended ("FSMA").

This Document comprises a prospectus relating to World Chess plc (the "Company") prepared in accordance with the Prospectus Regulation Rules of the Financial Conduct Authority (the "FCA") made under section 73A of FSMA and approved by the FCA under section 87A of FSMA.

This Document has been approved by the FCA, as competent authority under the Prospectus Regulation ((EU) 2017/1129), as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018 (as amended) and the regulations made under that Act ("**UK Prospectus Regulation**"). The FCA only approves this Document as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer or the quality of securities that are the subject of this prospectus. Investors should make their own assessment as to the suitability of investing in the securities. This Document has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules.

THE WHOLE OF THE TEXT OF THIS DOCUMENT SHOULD BE READ BY PROSPECTIVE INVESTORS. YOUR ATTENTION IS SPECIFICALLY DRAWN TO THE DISCUSSION OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE ORDINARY SHARES AS SET OUT IN THE SECTION ENTITLED 'RISK FACTORS' SET OUT IN PART II OF THIS DOCUMENT.

The Company, each of the Existing Directors and the Proposed Directors, whose names appear on page 23 of this Document, accept responsibility for the information contained in this Document. To the best of the knowledge of the Company, each Existing Director and the Proposed Directors, the information contained in this Document is in accordance with the facts and this Document makes no omission likely to affect its import.

World Chess

WORLD CHESS PLC

(Incorporated and registered in England & Wales under the Companies Act 2006 with registered number 10589323)

Subscription and Retail Offer for an aggregate of 64,512,812 New Ordinary Shares at 6.25 pence per share

Admission of the Ordinary Share Capital to the Official List (by way of Standard Listing under Chapter 14 of the Listing Rules) and to trading on the London Stock Exchange's Main Market for listed securities

Financial Advisor

NOVUM

Novum Securities Limited

This Document does not constitute an offer to sell, or the solicitation of an offer or invitation to buy or subscribe for, Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company.

The Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"), or under the securities laws of any state or other jurisdiction of the United States or under applicable securities laws of Australia, Canada, Japan or the Republic of South Africa. Subject to certain exceptions, the Ordinary Shares may not be offered, sold, resold, transferred or distributed directly or indirectly, and this Document may not be distributed by any means including electronic transmission within, into, in or from the United States or to or for the account or benefit of persons in the United States, Australia, the Republic of South Africa, Canada, Japan or any other jurisdiction where such offer or sale would violate the relevant securities laws of such jurisdiction. This Document does not constitute an offer to sell or a solicitation of an offer to purchase or subscribe for Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company. The Ordinary Shares may not be taken up, offered, sold, resold, transferred or distributed, directly or indirectly within, into or in the United States except pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the Securities Act. There will be no public offer in the United States. The Company has not been and will not be registered under the US Investment Company Act of 1940 ("US Investment Company Act") pursuant to the exemption provided by Section 3(c)(7) thereof, and investors will not be entitled to the benefits of the US Investment Company Act. None of the Ordinary Shares have been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed comment upon or endorsed the merit of the offer of the Ordinary Shares or the accuracy or the adequacy of this Document. Any representation to the contrary is a criminal offence in the United States.

The distribution of this Document in or into jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this Document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Novum Securities is authorised and regulated in the United Kingdom by the FCA and is acting as broker for the Company and for no-one else in connection with the Proposals and it will not be responsible to anyone other than the Company for providing the protections afforded to customers of Novum (as applicable) or for affording advice in relation to the contents of this document or any matters referred to herein. Novum is not responsible for the contents of this Document. This does not exclude any responsibilities which Novum may have under FSMA or the regulatory regime established thereunder.

Application will be made for the Ordinary Shares (both issued and to be issued pursuant to the Proposals) to be admitted by way of a Standard Listing on the Official List. A Standard Listing will afford investors in the Company a lower level of regulatory protection than that afforded to investors in companies with Premium Listings on the Official List, which are subject to additional obligations under the Listing Rules. It should be noted that the UKLA will not have authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company to so comply. It is expected that Admission will become effective and that unconditional dealings in the Ordinary Shares will commence on 27 March 2023.

CONTENTS

SUMMARY

INTRODUCTION AND WARNINGS

This summary should be read as an introduction to this Document.

Any decision to invest in the Ordinary Shares should be based on a consideration of this Document as a whole by the investor.

Any investor in the Company's Ordinary Shares should be aware that they could lose all or part of their invested capital.

Civil liability attaches only to those persons who have tabled this summary including any translation thereof but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this Document or where it does not provide, when read together with the other parts of this Document, key information in order to aid investors when considering whether to invest in such securities.

The name of the issuer is World Chess plc and its LEI is 213800BKR3RT23F9DN71. The issuer's registered office is at Eastcastle House, 27/28 Eastcastle Street, London, United Kingdom, W1W 8DH. The head office and principal place of business of the issuer, and the business address of each of the Directors, is Mittelstr 51-53, 10117 Berlin, Germany. The telephone number of the issuer's head office and principal place of business is +44 20 3545 4259.

The ticker for the Ordinary Shares will be CHSS with ISIN number GB00BN70RC41.

This Document has been approved as a prospectus by the Financial Conduct Authority, whose principal place of business is 12 Endeavour Square, London E20 1JN and whose contact number is +44 020 7066 1000.

This Document was approved on 20 March 2023.

KEY INFORMATION ON THE ISSUER

Who is the issuer of the securities?

Domicile, country of incorporation, applicable law and legal form

The Company was incorporated and registered in England & Wales as a public company limited by shares on 30 January 2017 under the Companies Act 2006, as amended, with the name World Chess plc, under registered number 10589323. The Company is domiciled in England & Wales.

LEI

The Company's LEI is 213800BKR3RT23F9DN71.

Principal Activities

The Company is the holding company of a group which aims to promote the mass market appeal of chess globally through the commercial offering of different chess related activities, including the organisation of top-level tournaments, operation of the official online gaming platform of the International Chess Federation (FIDE) and other sport, lifestyle and social activities, and merchandise related to chess.

Major Shareholders

The Directors are aware of the following persons, who, as at the date of this Document and at Admission, following completion of the Fundraise, will have a notifiable, direct or indirect, interest in the Company's capital or Voting Rights of three per cent. (3%) or more:

Name (and ultimate beneficial owner(s))	Ordinary Shares as at the date of this document	Percentage of Existing Ordinary Shares	Ordinary Shares on Admission	Percentage of Enlarged Share Capital
Ilya Merenzon	443,870,000	73.68%	404,520,000	60.66%
Prytek Investment Holdings PTE Limited	83,910,000	13.93%	83,910,000	12.58%
AIC Capital LLC	24,740,000	4.11%	24,740,000	3.71%
Matvey Shekhovtsov	16,680,000	2.77%	33,350,000	5.00%
Mikhail Merenzon	0	0.00%	29,394,285	4.41%

Controlling shareholder

Ilya Merenzon, who is the Chief Executive Officer of the Group, holds 73.68% before Admission. At Admission, Ilya Merenzon will hold 60.66%.

Aside from as stated above, to the best of the Directors' knowledge no-one, directly or indirectly, acting jointly, exercise or could exercise control over the Company.

Directors & Auditors

The Company's directors are Ilya Merenzon, Matvey Shekhovtsov, and Jamison Reed Firestone (Non-Executive Director). The Proposed Directors who will join the Board at Admission will be Graham Woolfman (Non-Executive Chairman), Neil Rafferty (Non-Executive Director) and Richard Collett (Chief Financial Officer).

The Company's statutory auditors are Haines Watts East Midlands Audit LLP, Woburn Court, 2 Railton Road, Kempston, Bedfordshire, MK42 7PN. From Admission, the Company's statutory auditors will be PKF Littlejohn LLP, 15 Westferry Circus, London, E14 4HD.

What is the key financial information regarding the issuer?

Selected historical financial information for the Company:

	6 months ended 30 June 2022 (unaudited) €	*6 months ended 30 June 2021 (unaudited) €*	*Year ended 31 December 2021 (audited) €*	*Year ended 31 December 2020 (audited) €*	*Year ended 31 December 2019 (audited) €*
Consolidated comprehensive income					
Revenue	1,978,506	899,304	3,216,400	2,516,858	4,476,523
Cost of goods sold	(1,506,028)	(319,986)	(1,321,180)	(967,741)	(2,484,389)
Other operating income	—	3,611,512	17,939	19,059	174,723
Administrative expenses	(1,286,852)	(945,068)	(2,972,329)	(2,262,067)	(2,007,224)
Other operating expenses	—	—	(441,502)	(7,637)	(50,324)
Goodwill impairment	—	—	(142,474)	—	—
Profit/(loss) from operations	(814,347)	3,245,762	(1,643,146)	(701,528)	109,309
Finance costs	(84,751)	(130,085)	(308,299)	(3,491,355)	(382,692)
Finance income	14,545	1,167,275	2,242,382	607,427	136,755
Other finance income	—	—	5,605,551	—	—
Profit/(loss) before taxation	(884,580)	4,282,952	5,896,488	(3,585,456)	(136,628)
Tax (expense)/credit	—	(436,228)	(4,563)	424,764	22,073
Profit/(loss) for the period	(884,580)	3,846,724	5,891,925	(3,160,692)	(114,555)
Prior year adjustment	—	—	—	203,002	—
Total comprehensive income	(884,580)	3,846,724	5,891,925	(2,957,690)	(114,555)

	6 months ended 30 June 2022 (unaudited) €	*Year ended 31 December 2021 (audited) €*	*Year ended 31 December 2020 (audited) €*	*Year ended 31 December 2019 (audited) €*
Consolidated financial position				
Goodwill	—	—	142,474	142,474
Intangible assets	2,349,082	2,381,445	2,030,192	1,919,592
Tangible assets	1,602,578	148,843	127,533	286,536
Deferred tax	—	448,084	451,098	27,757
Inventories	160,545	218,393	58,598	82,407
Trade & other receivables	650,184	3,362,514	1,065,314	538,079
Tax receivable	20,875	—	—	123
Investments	—	—	—	159,263
Cash & cash equivalents	592,561	1,520,599	521,327	1,011,334
Total assets	5,375,825	8,079,878	4,396,536	4,167,565
Current liabilities	1,274,291	4,926,373	5,819,572	2,148,940
Non-current liabilities	1,410,766	76,253	2,083,706	2,400,477
Total liabilities	2,685,057	5,002,626	7.903,278	4,549,417
Net assets	2,690,768	3,077,252	(3,506,742)	(381,852)

	6 months ended 30 June 2022 (unaudited) €	*6 months ended 30 June 2021 (unaudited) €*	*Year ended 31 December 2021 (audited) €*	*Year ended 31 December 2020 (audited) €*	*Year ended 31 December 2019 (audited) €*
Consolidated cash flows					
Net cash from/(used in) operating activities	(286,369)	(1,994,570)	(1,484,312)	(172,576)	1,897,342
Net cash from/(used in) investing activities	(1,655,212)	459,728	(783,251)	(181,816)	(500,051)
Net cash from/(used in) financing activities	1,083,095	2,463,537	285,474	1,845	(571,781)
Net increase /(decrease) in cash & cash equivalents	928,038	(473,044)	986,535	(352,547)	825,510

What are the key risks that are specific to the issuer?

- The Group's efforts to retain existing online subscribers and to attract new online subscribers are critical to its business
- A satisfied and loyal customer base is crucial to the Group's continued growth
- The FIDE Online Arena contract is to expire in 2026, providing World Chess with a time frame to establish the gaming platform as the pre-eminent one and giving time to seek indefinite contract extension
- The online ratings proposition is new and not developed yet, there could be substantial adoption issues
- The extension of the FIDE online agreement is not guaranteed

KEY INFORMATION ON THE SECURITIES

What are the main features of the securities?

Type, class and ISIN

The securities that will be subject to Admission comprise Ordinary Shares which will be registered with ISIN number GB00BN70RC41.

Currency, denomination, par value, and the term of the securities

The Ordinary Shares are denominated in pounds sterling and have a nominal value of £0.0001 each. The total expenses incurred (or to be incurred) by the Company in connection with Admission are approximately £787,000 plus VAT.

602,392,689 Ordinary Shares have been issued at the date of this Document, all of which have been fully paid up. On Admission, there will be 666,905,501 Ordinary Shares, all of which are fully paid. Application will be made for Admission of all of the issued and to be issued 666,905,501 Ordinary Shares.

Rights attached to the securities

The rights attaching to the Ordinary Shares will be uniform in all respects and they will form a single class for all purposes, including with respect to voting and for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company. Each Ordinary Share grants a Shareholder who attends a general meeting (in person or by proxy) the right to one vote for Shareholder resolutions proposed by way of a show of hands and one vote per Ordinary Share for Shareholder resolutions proposed by way of a poll vote. Except as provided by the rights and restrictions attached to any class of shares, Shareholders will under general law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings.

Relative seniority of the securities in the issuer's capital structure in the event of insolvency

The Company does not have any other securities in issue or liens over its assets and so the Ordinary Shares are not subordinated in the Company's capital structure as at the date of this prospectus, and will not be immediately following Admission.

Restrictions on the free transferability of the securities

All Ordinary Shares are freely transferable and are not subject to any encumbrances.

Dividend or pay-out policy

The Company intends to pay dividends on the Ordinary Shares (if any) and in such amounts (if any) as the Board determines appropriate. The Company will only pay dividends to the extent that to do so is in accordance with the Companies Act and all other applicable laws.

Where will the securities be traded?

Application for Admission

Applications will be made to the FCA for the Company's Enlarged Share Capital to be admitted to the Official List of the FCA (by way of a standard listing ("**Standard Listing**") under Chapter 14 of the Listing Rules) and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Ordinary Shares to be admitted to trading, and for dealings to commence, on the London Stock Exchange's Main Market for listed securities.

Identity of other markets where the securities are or are to be traded

There is currently no market for the Ordinary Shares and the Company does not intend to seek admission to trading of the Ordinary Shares on any market other than the Main Market.

What are the key risks that are specific to the securities?

- The market price for the Ordinary Shares may be affected by fluctuations and volatility in the price of Ordinary Shares
- The proposed Standard Listing of the Ordinary Shares will afford investors a lower level of regulatory protection than a Premium Listing
- Investors may not be able to realise returns on their investment in Ordinary Shares within a period that they would consider to be reasonable
- The Company may fail to pay dividends

KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND/OR THE ADMISSION TO TRADING ON A REGULATED MARKET

Under what conditions and timetable can I invest in this security?

General terms and conditions

Expected timetable of the Subscription and the Retail Offer

Publication of this Document	20 March 2023
Admission and commencement of dealings in Ordinary Shares	8:00 a.m. on 27 March 2023
CREST members' accounts credited in respect of Subscription and Retail Offer Shares	27 March 2023
Share certificates despatched in respect of Subscription and Retail Offer Shares	by 27 March 2023

Details of admission to trading on a regulated market

Application will be made for the Enlarged Share Capital to be admitted to a Standard Listing on the Official List and to trading on the Main Market of the London Stock Exchange. It is expected that Admission will become effective and that dealings in Ordinary Shares will commence at 8:00 a.m. on 27 March 2023. The Retail Offer is conditional on Admission occurring on or before 27 March 2023.

The Subscription and Retail Offer Shares which are the subject of this Document will be offered exclusively to qualified investors within the meaning of Article 2(e) of the Prospectus Regulation and/or Relevant Persons. There will be no offer to the public of the Ordinary Shares and no intermediaries offer.

Amount and percentage of immediate dilution resulting from the Subscription and Retail Offer

Shareholdings immediately prior to Admission will be diluted by approximately 9.67% as a result of the implementation of the proposals

Why is this prospectus being produced?

Reasons for the offer or for the admission to trading on a regulated market

The Board believes that a listing on the standard segment of the Official List and Admission to trading on the Main Market will help to build its profile, create value for Shareholders and build a market for trading of the Company's Ordinary Shares. The Board also believes that the Standard Listing will improve the Company's ability to raise further capital over the coming years to support the Company's growth strategy and achieve the objectives of long term value creation for Shareholders. In addition, it shall provide increased visibility of the Company's activities and the business as a whole. The Board believes that the reputation of the Main Market will help the Company achieve its goals and objectives, including increased visibility to the international market, sound reporting and compliance structure, better liquidity which is more attractive to investors and a significant increase in access to capital which will assist the growth of the business.

Use and estimated net amount of the proceeds

The gross proceeds of the Fundraising of £3,047,599 will initially be used to fund the expenses of Admission and the Fundraising not yet paid, including the initial listing fees, legal, accounting, registration, printing, advertising and distribution costs and any other applicable expenses. The Company projects these costs to be approximately £175,000 (including irrecoverable VAT). The remaining Net Proceeds of £2,872,337 will be used to develop and expand the Company's business in accordance with the Company's strategy The main uses of funds can be seen in the table below:

Uses of Funds	**£'000s**	***€'000s**
IPO Costs	175	200
Repayment of loans	569	650
Online platform development	1,138	1,300
Organic marketing (promotion of brand)	350	400
Performance marketing (directly paid marketing efforts)	263	300
Expansion marketing (emerging markets)	263	300
Other	287	328
Total Gross proceeds	3,043	3,478

* based on the closing exchange rate of £1: €1.14 on 17 March 2023, being the closing rate on the last working day before the date of the Document.

No element of the Subscription and Retail Offer is being underwritten.

Indication of the most material conflicts of interests relating to the admission to trading

There are no material conflicts of interest pertaining to the offer or admission to trading.

RISK FACTORS

The investment detailed in this document may not be suitable for all its recipients and involves a higher than normal degree of risk. Before making an investment decision, prospective investors are advised to consult an investment adviser authorised under the Financial Services and Markets Act 2000 who specialises in investments of the kind described in this document. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.

Before deciding whether to invest in Ordinary Shares, prospective investors should carefully consider the risks described below together with all other information contained in this document.

The risks referred to below are those risks the Company; the Directors and the Proposed Directors consider to be the material risks relating to the Group. The risk factors described below may not be exhaustive. Additional risks and uncertainties relating to the Group that are not currently known to the Directors and Proposed Directors, or that are currently deemed immaterial, may also have an adverse effect on the Group's business. If this occurs the price of the Ordinary Shares may decline, and investors could lose all or part of their investment.

Prospective investors should note that the risks relating to the Company, its industry and the Ordinary Shares summarised in the section of this document headed "Summary" are the risks that the Company believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed "Summary" but also, among other things, the risks and uncertainties described below.

RISKS RELATED TO THE COMPANY'S BUSINESS AND INDUSTRY

The Group's efforts to retain existing online subscribers and to attract new online subscribers are critical to its business and depend, in part, on the quality and breadth of the products it offers to online subscribers, the overall online user experience and broader trends that impact online subscribers' preferences and the Group's response to such changes. If not successful, the Group's business could be negatively impacted.

The Group's success depends on its ability to retain and engage existing online subscribers and attract new customers. Factors that could influence such an ability include:

- technical or other problems preventing the Group from delivering its products in a timely and reliable manner or otherwise negatively affecting the online subscribers experience;
- any unavailability or delay to online subscribers of the Group's products, including products sourced from third parties or shipped by third parties which may arise due to factors outside the Group's control due to changes in the service level agreements or the reliability of services provided by regulated postal services on which the Group must rely;
- any pricing changes for the Group's products are negatively received or the pricing of the Group's competitors change;
- ineffective marketing or brand promotion campaigns by the Group or effective marketing or brand promotion campaigns by the Group's competitors;
- security breaches leading to the Group's loss of confidential online subscribers or employee information;
- negative publicity surrounding the Group, its brands or its products for any reason, including that resulting from negative online reviews or unfavourable press coverage;
- a perception that the Group acts in an irresponsible manner, including with respect to its environmental, social or corporate responsibility; or
- if there are adverse changes that are mandated by legislation, regulatory authorities or litigation that impacts the Group's ability to market its products to online subscribers.

A satisfied and loyal customer base is crucial to the Group's continued growth, both for continued engagement and retention of existing customers as well as through promoting the Group to attract new customers. Any actual or perceived failures by the Group's platform or customer relationship management strategies for customer engagement could negatively affect customer satisfaction, engagement, loyalty, or retention. Accordingly, any inability by the Group to retain customers or attract new customers could have a material adverse effect on the Group's business, results of operations, financial condition, or prospects.

Any significant disruption in service on the Group's platforms, in the Group's computer systems or software or in the systems operated by third parties that the Group utilises could damage the Group's reputation and result in a loss of customers, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects. The Group's brand, reputation and ability to attract and retain customers to use its platforms depend upon the reliable performance of the Group's or its third-party suppliers' cloud infrastructure, physical infrastructure, network infrastructure and content delivery processes. Like many technology-based businesses, the Group and its third-party suppliers have experienced in the past, and may experience in the future, system disruptions that impact its platforms. Any disruptions, outages or delays in systems used by the Group, including as a result of security breaches, fire, flood, power loss, telecommunications failure, physical or electronic break-ins, earthquakes, acts of war or terrorism or other events or disruptions, could affect the availability of Group services and platforms and prevent or inhibit the ability of customers to access or complete purchases on its platforms, which, in turn, could materially adversely affect the quality of the Group's services, its brands and reputation and its ability to generate revenue.

The Group's systems and operations, including those hosted or managed by third parties, are vulnerable to damage or interruption from fire, flood, power loss, telecommunications failure, terrorist attacks, acts of war, electronic and physical break-ins, computer viruses and similar events. The occurrence of any of the foregoing events could result in damage to the Group's systems and hardware or could cause them to fail completely, and the Group's insurance may not cover such events or may be insufficient to compensate for losses that may occur. A system failure at one site could result in reduced platform functionality for customers, and a total failure of the Group systems could cause its platforms or apps to be inaccessible by some or all of its customers. Any errors, defects, disruptions or other performance problems with the Group's platforms or services could harm its reputation and may have a material adverse effect on its business, results of operations and financial condition. Any of the above could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The Group is reliant on certain key individuals and on its ability to attract and retain key personnel

The Group's business, development and prospects are dependent on a small number of key management personnel. The loss of the services of one or more of such key management personnel may have an adverse effect on the Group. The Directors and the Proposed Directors believe that the experience, technical know-how and commercial relationships of the Group's key management personnel help provide the Group with strategic focus and a competitive advantage. The Group's ability to develop its business and achieve future growth and profitability will depend in large part on the efforts of these individuals and the Group's ability when required to attract new key management personnel of a similar calibre. The Directors and the Proposed Directors believe that the loss of the services of any key management personnel, for any reason, could adversely impact the business, development, financial condition, results of operations and prospects of the Group.

The success of the Group is also dependent upon its ability to retain and attract high quality staff with relevant expertise and experience to broaden the skills base of the Group and to further enhance the Group's business. There can be no assurance that the Group will be able to continue to attract and retain all personnel necessary for the development and operation of its business as the competition for qualified personnel in the Group's industry is intense. The Group does not currently have a key person insurance policy in place.

The Group's business could be harmed if it fails to manage its anticipated growth effectively. As the Group seeks to grow its business, it will need to continue to improve and enhance its infrastructure to deal with the greater scale and complexity of operations.

While the Group has taken reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations, continued growth could in particular strain the Group's ability to maintain reliable service levels for the Group's platform; to attract, train, motivate and retain highly skilled employees; and to continue to develop and to enhance the Group's operational, financial and management controls. In order to manage operating activities and growth, the Group will need to continuously test and improve operational and management controls, controls over technology, reporting and information disclosure, and financial internal controls. Any failure to effectively manage the increasing size and complexity of the Group's business resulting from future growth, including as its operations become more complex or as a result of any future acquisitions, could have a material adverse effect on its business, results of operations, financial condition or prospects.

A failure of the Group to improve and enhance the functionality, performance, reliability, design, security and scalability of its platforms, including those aspects provided by third parties, in a manner that responds to its customers' evolving needs could have a material adverse effect on the Group's business, results of operations or financial condition.

The Group relies on its technology platforms for the sale of its products in its markets. Most of the Group's technologies and systems are developed and maintained in-house by the Group, although some are developed and maintained by third parties. These technologies, however, are characterised by constant change and innovation, and the Group expects them to continue to evolve rapidly. The Group's business and results of operations will depend in large part on its ability to continue to improve and enhance the functionality, performance, reliability, design, security and scalability of its technology platform, including those aspects it sources from third parties. Any failure by the Group or its third-party service providers to maintain and improve the relevant technology systems and infrastructure of its platform may result in the platform not performing as desired or even system interruptions or failures. Any of the foregoing may have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The Company's operations are dependent on the Company's IT systems

The Group is highly dependent on the effective operation of its IT platform and infrastructure, due to the nature of the Group's operations. The Group has put in place business continuity and disaster recovery procedures in the event of failure of, or disruption or damage to, the Group's network or IT systems. However, such procedures may not be sufficient to ensure that the Group is able to carry on its business in the ordinary course in the event of such a failure, disruption or damage. Any major systems failure, including failures relating to the Group's network, software, internet or hardware, which causes material delay or interruption in the operation of the Group's systems could have a material adverse effect on the Pebble's ability to fulfil its obligations under its contracts with clients in addition to harming client relationships and diminishing the Group's goodwill. Such an event could therefore have a material adverse effect on the Group's profitability, financial condition and revenue.

The Group relies on a single third-party payment provider in the USA for the provision of the majority of its payment services and any failure of such services to function properly could have a material adverse effect on its business, results of operations or financial condition.

The Group relies on a single third-party provider in the USA as a third-party payment service provider for taking payments via credit and debit cards on all of its platforms. If there was a disruption to the Group's third-party payment services, the Group could incur substantial delays and expenses in finding and integrating alternative third-party payment service providers, and the quality and reliability of such alternative payment service providers may not be comparable. In addition, the Group pays interchange and other fees to these third-party payment providers for these card payments, which may increase over time and raise operating costs and lower margins. The Group is also subject to the operating rules of its various third-party payment service providers, payment card industry data security standards and certification requirements, which could change or be reinterpreted to make it more difficult or impossible for the Group to comply. If the Group fails to comply with these rules or requirements, it may be subject to fines and higher transaction fees and lose its ability to accept credit and debit card payments from customers, which would make its services less convenient and attractive to the Group's customers and likely result in a substantial reduction in revenue. Any of the foregoing could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The Group's business will be reliant upon the Group's ability to adequately protect users' data

A significant part of the Company's business and products rely on the Group's ability to comply with data protection laws (including, in particular, GDPR) and to adequately protect the end users' data and privacy. An actual or perceived failure to do so would significantly harm the Group's business and potentially could lead to significant claims being made against the Group. In order to mitigate this risk, the group has recently appointed a new Head of Governance Risk and Compliance, who will focus on ensuring that the Group's products incorporate high standards of data governance and security.

Anti-Cheating

As seen from the recent media coverage around the fair play issues between elite grandmasters, cheating can be a major obstacle for the development of online chess on a professional level, because official rating is involved and players, in order to raise their rating, can try to violate fair play norms. Cheating is one of the key hurdles of existing chess platforms and can harm reputation and overall integrity of the platform if it persists.

World Chess is currently using state-of-the-art anti-cheating and fairplay technologies that comprise both the technical analysis, machine learning and human component. The system will improve with time as more AI technologies are employed, but it will continue to be an issue.

Fair play and anti-cheating measures require constant improvement and investment as well as education of users. World Chess will also take steps to incentivize players to start their OTB (over-the-board) chess journey. Because of physical fair play measures at OTB tournaments, players will have fewer (if any) incentives to cheat, thus reducing their potential incentive to violate fair play norms online.

Overseas operations

The Group currently has overseas operations in various jurisdictions, including in Germany, Georgia, and the USA. These jurisdictions have different regulatory, fiscal, and legal environments that could change in the future and could impact how the Group conducts its business in these countries. If the Group fails to comply with the laws and regulations applicable to its overseas operations, it could be subject to reputational and legal risks, including government enforcement action and/or fines. Such risks, if realised, could have a material adverse effect on the Group's profits and financial condition.

Litigation

The Company is exposed to the risk of litigation from its customers, distributors, suppliers and employees, amongst others. Any legal proceedings, whether or not determined in the Company's favour, and whether or not there is merit to any such claim, could be costly and may divert the efforts of management and personnel from normal business operations. Exposure to litigation may affect the Company's reputation even where the monetary consequences may not be significant.

Adequacy of insurance coverage

There can be no guarantee that the Company has insurance cover that is adequate to meet the Company's risks and expenses or sufficient to recover all losses that the Company may suffer. In addition, certain types of risk may be, or may become, either uninsurable or not economically insurable or may not be currently or in the future covered by the Company's insurance policies. The occurrence of an event that is not covered in whole or in part by insurance could have a material adverse effect on the Company.

Risk of additional UK, EU, UN and US sanctions against Russian individuals or entities

Certain persons and entities related to Russia were made the subject of UK, EU, UN, and US sanctions following Russia's annexation of Crimea. Following Russia's recent invasion of Ukraine in 2022 further persons and entities with connections to Russia have been sanctioned by the UK, EU, and the US. Currently the sanctions situation is changing very quickly with no advance notice. The effect of and publicity surrounding these sanctions and the uncertainty concerning additional future sanctions were considered undesirable for a publicly listed company and this was the key driver for the Company's decision to sell World Chess Rus LLC (RUS) and to cease trading with Russian corporate clients. As a result of this decision, no company or entity in the Group is incorporated in Russia and no member of the Group has a banking relationship with a Russian financial institution. Also, the Group no longer transacts with Russian corporate clients.

Ilya Merenzon, a Director of the Company, has dual citizenship, Israeli and Russian. Matvey Shekhovtsov, a Director of the Company, holds a Russian passport, however both have relocated to Germany. They are not engaged in activity or have political factors or other factors that would be likely to expose them to the possibility of being personally sanctioned. Therefore, the Board's assessment is that there is currently a very low risk of sanctions applying to or affecting the Group's operations. The main risk is that one or more sanctions regimes are expanded to indiscriminately target Russian nationals, which the Board considers to be very unlikely as generally sanctions are targeted at a governmental regime and parties related to that regime rather than the mass population of a particular country. However, if this were to occur the Russian customer base for the Group, which at the date of this Document generated approximately 4.6% of the Group's online subscription revenue could decrease negatively affecting the financial performance of the Group. In any case, the Group has adopted a sanction policy and regularly cross checks all Russian national staff and employees against sanctions lists.

RISKS AROUND FIDE

FIDE Contract

The FIDE Online Agreement has an initial term which expires in 2026, providing World Chess with a time frame to establish the gaming platform as the pre-eminent one and giving time to seek a greater or indefinite contract extension. The agreement will automatically renew at the expiry of its initial term, for a further five year period, subject to certain conditions.

The long-term contract with the International Chess Federation regarding the official status of the online gaming cannot lawfully be terminated before the expiration of its term, unless in case of default. Nevertheless, the Company will be able to continue operating the gaming platform under its own brand, should such necessity arise, as the Company is paying a royalty for the official status and users' ratings, but the online platform belongs to World Chess.

Rating recognition and adoption

One of the key propositions of the Company's gaming platform is the fact that it is the official FIDE gaming platform with ratings and titles recognized by FIDE, and this is an important benefit that provides online chess players with an opportunity to become professionals and gives them a chance to become top sportspeople. However, because the online ratings proposition is new and not developed yet, there could be substantial adoption issues. For example, conversion of online rating into the OTB requires the development of additional rules and procedures. Acceptance of online-rated players into the 'OTB' tournaments will also require development of special rules and regulations.

The Company works with the National Chess Federations and different FIDE commissions to develop a set of regulations that addresses these issues. It also launched efforts in several national federations to gain acceptance of online grandmasters as professional sportspeople in respective countries that might allow them to claim support of the local government or federation. These efforts have just started and will require time to yield feedback or results.

Promotion and Events Organisation Agreement

Under a Promotion and Events Organisation Agreement dated 20 February 2012 and made between Fédération Internationale des Echecs ("**FIDE**") and Agon Ltd ("**Agon**"), FIDE engaged Agon to "organise, promote, commercialise and hold events" related to the game of chess, including certain events that are defined as "Competitions" ("**PEO Agreement**"). Under an assignment agreement dated 27 November 2017 between FIDE, Agon and World Chess Events Limited (the "**Assignment**") (as amended by the terms of an addendum dated 18 January 2019 (the "**Addendum**")), Agon's rights in respect of the PEO Agreement were assigned to World Chess Events Limited (the PEO Agreement, the Assignment and the Addendum together being the "**Agreements**").

The principal risks in respect of the Agreements are as follows:

- Material uncertainty concerning prolongation – the PEO Agreement is due to expire in 2023. If the Company wishes to extend the PEO Agreement beyond the 2019-2022 cycle of events, the rights and obligations of the parties will need to be agreed with FIDE anew (or in case of dispute – by the court). It is not possible to accurately predict how these rights will be amended. That said, the Company plans to organise events under its own brand in the future, rather than continue with the partnership.
- Termination of the Addendum for just cause – if World Chess Events Limited is not able to perform its obligations, in particular, to organize the Grand Prix events or in the event of other circumstances rendering the continuation of the Agreements unbearable for FIDE, FIDE could terminate the Agreements for "just cause".
- Limitation of liability – in case of legal dispute in connection with the Addendum, the liability of World Chess Events Limited would not be contractually limited.
- Uncertainty of clauses of the Agreements – the wording of several clauses in the Agreements is unclear and difficult to understand. In the event of a dispute, several clauses could be subject to different interpretations and would be difficult to enforce for this reason, the most important ones being those related to prolongation rights, the scope of the "Official broadcasting platform" rights and benefits, filming and broadcasting rights in relation to the Candidates Tournaments and World Chess Championship Matches.

FIDE Online Agreement

Under the FIDE Online Agreement dated 4 August 2021 and made between FIDE, World Chess Events Limited and World Chess Digital Limited, World Chess Digital Limited maintains and operates the FIDE Online Arena, being a global chess platform.

The principal risks in respect of the FIDE Online Agreement are as follows:

- Rating recognition and adoption – One of the key propositions of the Company's gaming platform is the fact that it is the official FIDE gaming platform with ratings and titles recognised by FIDE. This is an important benefit that provides online chess players with an opportunity to become professionals and gives them a chance to become top sportspeople. However, because the online ratings proposition is new and not developed yet, there could be substantial adoption issues. For example, conversion of online rating into the OTB (over-the-board) requires the development of additional rules and procedures. Acceptance of online-rated players into the 'OTB' tournaments will also require development of special rules and regulations.

  The Company works with the National Chess Federations and different EU and FIDE commissions to develop a set of regulations that addresses these issues. It also launched efforts in several national federations to gain acceptance of online grandmasters as professional sportspeople in respective countries that might allow them to claim support of the local government or federation. These efforts have recently commenced and will require time to yield feedback or results.
- Third party access to the online platform – although the Company has an obligation to develop a third-party access system by June 2023, the start of its use could be significantly delayed as FIDE approval of the special anti-cheating mechanisms is required and at this point the Online Agreement does not contain the precise specification of such requirements.
- Termination of the FIDE Online Agreement – if World Chess Events Limited or World Chess Digital Limited is not able to perform its obligations under the Online Agreement, FIDE could terminate the Online Agreement.

- Extension of the FIDE Online Agreement – the FIDE Online Agreement will automatically renew at the expiry of its initial term, for a further five year period, however there are certain circumstances in which FIDE is entitled not to proceed with it. These are as follows:
  - FIDE decides to abandon the official online ratings and titles system;
  - FIDE decides to manage the project itself or through an affiliate organisation where FIDE owns at least 51% directly or indirectly;
  - World Chess Events Limited fails to accept within 90 days a "*bona fide* third-party alternative offer" that FIDE may present to World Chess Events Limited at least one year before the expiration of the initial term of the online agreement; and
  - World Chess Events Limited decides to withdraw from the project not later than one year prior to expiration of the initial term of the online agreement.
- Limitation of liability – in case of legal dispute in connection with the FIDE Online Agreement, the liability of World Chess Events Limited would not be contractually limited.

If the FIDE Online Agreement is not renewed either by FIDE or by World Chess, the Company's platform will no longer be the official FIDE gaming platform. The Company will continue operating and developing its gaming platform, but without FIDE branding and FIDE official rankings. World Chess owns and develops the technology and the IP for the platform and is continuously developing paid features to ensure that it offers value to subscribers even without the FIDE brand and FIDE online rankings, however the platform would no longer be promoted through FIDE marketing channels (unless a separate marketing agreement was entered into) and this may result in a reduction in user numbers and therefore a possible loss of revenue. World Chess would also seek to enter into separate agreements with individual chess federations to be able to offer official individual federation ratings.

Should the contract not be renewed, the Company would reallocate the funds due to be paid as royalties under the FIDE Online Agreement to other promotional activities including promoting World Chess rankings, organising its own tournaments with online qualifiers, running joint projects with national chess federations and the wider chess community. These marketing tools may not be as effective as the association with FIDE and if so, this would require World Chess to increase its marketing budget which would have a commensurate impact on the overall costs of the Group.

RISKS RELATED TO FINANCE

The Group may lack sufficient working capital required to deliver its complete strategy after 18 months from Admission

Whilst the Company has sufficient working capital for at least 12 months from Admission, it cannot guarantee that the Group will be able to sustain revenue growth and achieve profitability in the future. The Group's operating results may fluctuate as a result of a number of factors, many of which are beyond its control. These factors include, amongst others, the growth rate of markets into which the Group sells its services or products, market acceptance of the Group's products and services and adoption of underlying technology, purchasing patterns of end consumers, competitive pricing, and general economic conditions. If the Group does not realise sufficient revenue levels to achieve profitability, it may require additional working capital and financing after this period in order to deliver its strategy to become a leading online and offline chess brand. Such funding may not be available on attractive terms, or at all.

Unfavourable general economic conditions may have a negative impact on the results of operations and financial condition

The global financial markets are experiencing continued volatility and geopolitical issues and tensions continue to arise. Many Organisation for Economic Co-operation and Development (**OECD**) countries have continued to, or may start to, experience recession or negligible growth rates, which have had, and may continue to have, an adverse effect on consumer and business confidence. The resulting low consumer and business confidence has led to low levels of demand for many products across a wide variety of industries. The Company cannot predict the severity or extent of these recessions and/or periods of slow growth. Accordingly, the Group's estimate of the results of operations, financial condition and prospects of the Group will be uncertain and may be adversely impacted by unfavourable general global, regional and national macroeconomic conditions.

The Group's risk management policies and procedures may become less effective as the Group develops

Whilst the Group has in place policies and procedure for managing market operational risk, these may become less effective as the Group develops. This is due to some of the Group's methods for managing risk being based on observations of historical market behaviour and statistical techniques being applied to these observations to arrive at quantifications of its potential risk exposures. These methods may, however, not accurately quantify the Group's risk exposures, especially in situations that cannot be identified based on its historical data. In particular, if the Group enters new lines of business, historical data may be incomplete or unavailable. Following the global financial and economic crisis, models and techniques used to predict future conditions, behaviours and valuations have become less effective. As additional information becomes available, additional provisions may need to be made.

If circumstances arise whereby the Group did not identify, anticipate or correctly evaluate certain risks in developing its statistical models, losses could be greater than the maximum losses envisaged under its risk management system. In addition, certain risks may not be accurately quantified by risk management systems. Material deficiencies in risk management or other internal control policies or procedures may result in significant market, regulatory or operational risk, which may in turn have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Fluctuations in exchange rates

The Company will incur certain costs in Euros and other currencies, but it has raised capital in £ Sterling. Fluctuations in exchange rates of the Euros and other currencies to which it has been exposed against £ Sterling may materially affect the Company's translated results of operations. In addition, given the relatively small size of the Company, it may not be able to effectively hedge against risks associated with currency exchange rates at commercially realistic rates. Accordingly, any significant adverse fluctuations in currency rates could have a material adverse effect on the Company's business, financial condition and prospects to a much greater extent than might be expected for a larger enterprise.

RISKS RELATING TO TAXATION

Changes in tax law and practice may reduce any net returns for Investors

The tax treatment of shareholders of the Company, any special purpose vehicle that the Company may establish and any company which the Company may acquire are all subject to changes in tax laws or practices in England and Wales or any other relevant jurisdiction. Any change may reduce any net return derived by Investors from a shareholding in the Company.

There can be no assurance that the Company will be able to make returns for Shareholders in a tax-efficient manner

The Company has made certain assumptions, in conjunction with advice from paid consultants, regarding taxation. However, if these assumptions are not correct, taxes may be imposed with respect to the Company's assets, or the Company may be subject to tax on its income, profits, gains or distributions (either on a liquidation and dissolution or otherwise) in a particular jurisdiction or jurisdictions in excess of taxes that were anticipated. This could alter the post-tax returns for Shareholders (or Shareholders in certain jurisdictions). The level of return for Shareholders may also be adversely affected. Any change in laws or tax authority practices could also adversely affect any post-tax returns of capital to Shareholders or payments of dividends (if any, which the Company does not envisage the payment of, at least in the short to medium term). In addition, the Company may incur costs in taking steps to mitigate any such adverse effect on the post-tax returns for Shareholders.

RISKS RELATED TO THE COMPANY'S LISTING AND ORDINARY SHARES

The market price for the Ordinary Shares may be affected by fluctuations and volatility in the price of Ordinary Shares

Stock markets have from time to time experienced severe price and volume fluctuations, a recurrence of which could adversely affect the market price for the Ordinary Shares. The market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, some specific to the Company and some which affect listed companies generally, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic, political or regulatory conditions, overall market or sector sentiment, legislative changes in the Company's sector and other events and factors outside of the Company's control.

The proposed Standard Listing of the Ordinary Shares will afford investors a lower level of regulatory protection than a Premium Listing

Standard Listing will afford investors in the Company a lower level of regulatory protection than that afforded to investors in a company with a Premium Listing, which is subject to additional obligations under the Listing Rules. A Standard Listing will not permit the Company to gain a FTSE indexation, which may have an adverse effect on the valuation of the Ordinary Shares. Further details regarding the differences in the protections afforded by a Premium Listing as against a Standard Listing are set out in the section of this Document entitled "Consequences of a Standard Listing".

Investors may not be able to realise returns on their investment in Ordinary Shares within a period that they would consider to be reasonable

Investments in Ordinary Shares may be relatively illiquid. There may be a limited number of Shareholders and this factor may contribute both to infrequent trading in the Ordinary Shares on the London Stock Exchange and to volatile share price movements. Investors should not expect that they will necessarily be able to realise their investment in Ordinary Shares within a period that they would regard as reasonable. Accordingly, the Ordinary Shares may not be suitable for short-term investment. Admission should not be taken as implying that there will be an active trading market for the Ordinary Shares. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the issue price.

Ordinary Shares available for future sale

The Company is unable to predict whether substantial amounts of Ordinary Shares will be sold in the open market following Admission. Any sales of substantial amounts of Ordinary Shares in the public markets or the perception that such sales might occur could materially adversely affect the market price of the Ordinary Shares and the market capitalisation of the Company.

The Company may fail to pay dividends

The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Shareholders or, in the case of interim dividends to the discretion of the Directors, and will depend upon, amongst other things, the Company's earnings, financial position, cash requirements, availability of profits, as well as provisions for relevant laws or generally accepted accounting principles from time to time. As such, there can be no assurance as to the level or declaration of future dividends.

CONSEQUENCES OF A STANDARD LISTING

Application will be made for the Enlarged Share Capital to be admitted to a listing on the standard segment of the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for Standard Listings, and for such Ordinary Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities. As a consequence, a significant number of the Listing Rules will not apply to the Company. Shareholders will therefore not receive the full protection of the Listing Rules associated with a Premium Listing.

The Company will comply with Listing Principles 1 and 2 as set out in Chapter 7 of the Listing Rules, as required by the FCA and (not withstanding that they only apply to companies with a Premium Listing) the Premium Listing Principles set out in Chapter 7 of the Listing Rules.

An applicant that is applying for a Standard Listing of equity securities must comply with all the requirements listed in Chapters 2 and 14 of the Listing Rules, which specify the requirements for listing for all securities. Where an application is made for the admission to the Official List of a class of shares, at least 10 per cent. of the shares of the class must be distributed to the public. Listing Rule 14.3 sets out the continuing obligations applicable to companies with a Standard Listing and requires that such companies' listed equity shares be admitted to trading on a regulated market at all times. Such companies must have at least 10 per cent. of the shares of any listed class in public hands at all times and the FCA must be notified as soon as possible if these holdings fall below that level.

The continuing obligations under Chapter 14 also include requirements as to:

- the forwarding of circulars and other documentation to the FCA for publication through to the National Storage Mechanism, and related notification to a regulatory information service authorised by the FCA ("RIS");
- the provision of contact details of appropriate persons nominated to act as a first point of contact with the FCA in relation to compliance with the Listing Rules and the Disclosure, Guidance and Transparency Rules;
- the form and content of temporary and definitive documents of title;
- the appointment of a registrar;
- notifying an RIS in relation to changes to equity and debt capital; and
- compliance with, in particular, Chapters 4, 5 and 6 of the Disclosure, Guidance and Transparency Rules.

As a company with a Standard Listing, the Company, following Admission, will not be required to comply with, among other things, the provisions of Chapters 6 and 8 to 13 of the Listing Rules, which set out more onerous requirements for issuers with a Premium Listing of equity securities. These include provisions relating to certain listing principles, the requirement to appoint a sponsor, various continuing obligations, significant transactions, related party transactions, dealings in own securities and treasury shares and contents of circulars.

The Company notes that in the case of an acquisition, the reverse takeover provisions set out in Listing Rule 5.6 may be triggered. The Company does not currently anticipate making any acquisitions.

The Company will comply with Chapter 5 of the Listing Rules (suspending, cancelling and restoring listing and Reverse Takeovers). If the Company undertakes a Reverse Takeover, the Company's existing Standard Listing will be cancelled and the Company would intend to apply for a new Standard Listing or a listing on another appropriate securities market or stock exchange. The granting of a new Standard Listing or a listing on another appropriate securities market or stock exchange following a Reverse Takeover cannot be certain. The Company may have its listing suspended in the event of a Reverse Takeover.

As mentioned above, while the Company has a Standard Listing, it is not required to comply with the provisions of, among other things:

- Chapter 6 of the Listing Rules containing additional requirements for the listing of equity securities, which are only applicable for companies with a Premium Listing;
- Chapter 8 of the Listing Rules regarding the appointment of a listing sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters;
- Chapter 9 of the Listing Rules regarding continuous obligations for a company with a Premium Listing, which includes, *inter alia*, requirements relating to further issues of shares, the ability to issue shares at a discount in excess of 10 per cent. of market value, notifications and contents of financial information;
- Chapter 10 of the Listing Rules relating to significant transactions meaning any subsequent additional acquisitions by the Company, will not require Shareholder approval under this Chapter (although such approval may be required for the purposes of facilitating the financing arrangements or for other legal or regulatory reasons);

- Chapter 11 of the Listing Rules regarding related party transactions. However, the Company is obliged to comply with DTR7.3 relating to related party transactions. DTR7.3 requires the Company to establish and maintain adequate procedures, systems and controls to enable it to assess whether a transaction or arrangement with a related party is in the ordinary course of business and has been concluded on normal market terms, and: to (i) make an announcement; (ii) gain Board approval; and (iii) ensure the related party or their associates do not vote on any resolution, relating to material related party transactions;
- Chapter 12 of the Listing Rules regarding purchases by the Company of its Ordinary Shares; and
- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to Shareholders.

IT SHOULD BE NOTED THAT THE FCA WILL NOT HAVE THE AUTHORITY TO AND WILL NOT MONITOR THE COMPANY'S COMPLIANCE WITH ANY OF THE PREMIUM LISTING PRINCIPLES WHICH THE COMPANY HAS INDICATED IN THIS DOCUMENT THAT IT INTENDS TO COMPLY WITH ON A VOLUNTARY BASIS, NOR TO IMPOSE SANCTIONS IN RESPECT OF ANY FAILURE BY THE COMPANY TO SO COMPLY. HOWEVER, THE FCA WOULD BE ABLE TO IMPOSE SANCTIONS FOR NON-COMPLIANCE WHERE THE STATEMENTS REGARDING COMPLIANCE IN THIS DOCUMENT ARE THEMSELVES MISLEADING, FALSE OR DECEPTIVE.

IMPORTANT INFORMATION

NOTICE TO INVESTORS

In deciding whether or not to invest in Ordinary Shares prospective investors should rely only on the information contained in this Document. No person has been authorised to give any information or make any representations other than as contained in this Document and, if given or made, such information or representations must not be relied on as having been authorised by the Company or the Directors. Without prejudice to the Company's obligations under FSMA, the UK Prospectus Regulation Rules, the Listing Rules, UK MAR and the Disclosure Guidance and Transparency Rules, neither the delivery of this Document nor any subscription made under this Document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Document or that the information contained herein is correct as at any time after its date of publication.

Prospective investors must not treat the contents of this Document or any subsequent communications from the Company, the Directors, or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

The section headed "Summary" in Part I of this Document should be read as an introduction to this Document. Any decision to invest in the Ordinary Shares should be based on consideration of this Document as a whole by the investor. In particular, investors must read the section headed 'Key Information on the Issuer' and 'Key Information on the Securities' of the Summary, together with the risks set out in the section headed "Risk Factors" in Part II of this Document.

This Document is being furnished by the Company in connection with an offering exempt from registration under the Securities Act solely to enable prospective investors to consider the purchase of Ordinary Shares. Any reproduction or distribution of this Document, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Ordinary Shares hereby is prohibited.

This Document does not constitute, and may not be used for the purposes of, an offer to sell or an invitation or the solicitation of an offer or invitation to subscribe for or buy, any Ordinary Shares by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) in which, or to any person to whom, it is unlawful to make such offer, solicitation or invitation. The distribution of this Document in certain jurisdictions may be restricted. Accordingly, persons outside the UK who obtain possession of this Document are required by the Company and the Directors to inform themselves about, and to observe any restrictions as to the distribution of this Document under the laws and regulations of any territory in connection with any applications for Ordinary Shares including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by the Company or the Directors that would permit a public offering of the Ordinary Shares in any jurisdiction where action for that purpose is required nor has any such action been taken with respect to the possession or distribution of this Document other than in any jurisdiction where action for that purpose is required. Neither the Company nor the Directors accept any responsibility for any violation of any of these restrictions by any person.

The Ordinary Shares have not been and will not be registered under the Securities Act, or under any relevant securities laws of any state or other jurisdiction in the United States, or under the applicable securities laws of Australia, the Republic of South Africa, Canada or Japan. Subject to certain exceptions, the Ordinary Shares may not be offered, sold, resold, reoffered, pledged, transferred, distributed or delivered, directly or indirectly, within, into or in the United States, the Republic of South Africa, Australia, Canada or Japan or to any national, resident or citizen of the United States, Australia, the Republic of South Africa, Canada or Japan.

The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any federal or state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Ordinary Shares or confirmed the accuracy or determined the adequacy of the information contained in this Document. Any representation to the contrary is a criminal offence in the United States.

Investors may be required to bear the financial risk of an investment in the Ordinary Shares for an indefinite period. Prospective investors are also notified that the Company may be classified as a passive foreign investment company for US federal income tax purposes. If the Company is so classified, the Company may, but is not obliged to, provide to US holders of Ordinary Shares the information that would be necessary in order for such persons to make a qualified electing fund election with respect to the Ordinary Shares for any year in which the Company is a passive foreign investment company.

Available information

The Company is not subject to the reporting requirements of section 13 or 15(d) of the Exchange Act. For so long as any Ordinary Shares are "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act, the Company will, during any period in which it is neither subject to section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide, upon written request, to Shareholders and any owner of a beneficial interest in Ordinary Shares or any prospective purchaser designated by such holder or owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Data protection

The Company may delegate certain administrative functions to third parties and will require such third parties to comply with data protection and regulatory requirements of any jurisdiction in which data processing occurs. Such information will be held and processed by the Company (or any third party, functionary or agent appointed by the Company) for the following purposes:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- carrying out the business of the Company and the administering of interests in the Company;
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in the United Kingdom or elsewhere; and/or
- disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.

Where appropriate it may be necessary for the Company (or any third party, functionary or agent appointed by the Company) to:

- disclose personal data to third party service providers, agents or functionaries appointed by the Company to provide services to prospective investors; and/or
- transfer personal data outside of the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors as the UK.

If the Company (or any third party, functionary or agent appointed by the Company) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

In providing such personal data, investors will be deemed to have agreed to the processing of such personal data in the manner described above. Prospective investors are responsible for informing any third party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions.

Investment considerations

In making an investment decision, prospective investors must rely on their own examination, analysis and enquiry of the Company, this Document and the terms of the Admission, including the merits and risks involved. The contents of this Document are not to be construed as advice relating to legal, financial, taxation, investment decisions or any other matter. Investors should inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer or other disposal of the Ordinary Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and
- the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares or distributions by the Company, either on a liquidation and distribution or otherwise.

Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's objective will be achieved over any given time period.

It should be remembered that the price of the Ordinary Shares and any income from such Ordinary Shares, can go down as well as up.

This Document should be read in its entirety before making any investment in the Ordinary Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Articles, which investors should review.

Forward-looking statements

This Document includes statements that are, or may be deemed to be, "forward-looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "targets", "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "should", "could" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout the Document and include statements regarding the intentions, beliefs or current expectations of the Company and the Board concerning, among other things: (i) the Company's objective and financing strategies, results of operations, financial condition, capital resources, prospects, capital appreciation of the Ordinary Shares and dividends; and (ii) future deal flow and implementation of active management strategies, including with regard to an investment. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performances. The Company's actual performance, results of operations, financial condition, distributions to Shareholders and the development of its financing strategies may differ materially from the forward-looking statements contained in this Document. In addition, even if the Company's actual performance, results of operations, financial condition, distributions to Shareholders and the development of its financing strategies are consistent with the forward-looking statements contained in this Document, those results or developments may not be indicative of results or developments in subsequent periods.

Prospective investors should carefully review the "Risk Factors" section of this Document for a discussion of additional factors that could cause the Company's actual results to differ materially, before making an investment decision. For the avoidance of doubt, nothing in this paragraph constitutes a qualification of the working capital statement contained in paragraph 14 of Part VI of this Document.

Forward-looking statements contained in this Document apply only as at the date of this Document. Subject to any obligations under the Listing Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation Rules and UK MAR, the Company undertakes no obligation publicly to update or review any forward-looking statements, whether as a result of new information, future developments or otherwise.

Third party data

Where information contained in this Document has been sourced from a third party, the Company and the Directors confirm that this information has been accurately reproduced and that as far as the Company and Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Currency presentation

Unless otherwise indicated, all references in this Document to "pounds sterling", "British pound sterling", "sterling", "£", or "pounds" are to the lawful currency of the UK.

No incorporation of website

The contents of any website of the Company or any other person do not form part of this Document.

Definitions

A list of defined terms used in this Document is set out in "Definitions" in Part XIII of this Document.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Document	20 March 2023
Admission and commencement of dealings in Ordinary Shares	8.00 a.m. on 27 March 2023

All references to time in this Document are to London time unless otherwise stated.

Each of the above dates is subject to change at the absolute discretion of the Company.

FUNDRAISING AND ADMISSION STATISTICS

Aggregate number of New Shares to be issued pursuant to the Subscription and Retail Offer	64,512,812
Issue price of New Ordinary Shares	6.25 pence
New Ordinary Shares as a percentage of the Enlarged Share Capital	9.67%
Number of Ordinary Shares in issue on Admission	666,905,501
Gross proceeds of the Subscription and Retail Offer	£3,042,866
Estimated expenses of Admission (inclusive of VAT)	£787,000
Market capitalisation of the Company on Admission at the Issue Price[2]	£41,681,594

(1) These relate to estimated commissions, fees and expenses payable by the Company in respect of Admission.

(2) The market capitalisation of the Company at any given time will depend on the market price of the Ordinary Shares at that time. There can be no assurance that the market price of an Ordinary Share will at any given time equal or exceed the Issue Price.

DEALING CODES

LEI	213800BKR3RT23F9DN71
ISIN	GB00BN70RC41
SEDOL	BN70RC4
TIDM	CHSS

DIRECTORS, PROPOSED DIRECTORS, SECRETARY AND ADVISERS

Directors	Ilya Merenzon (Chief Executive Officer) Matvey Shekhovtsov (Chief Operating Officer) Jamison Reed Firestone (Non-Executive Director)
Proposed Directors	Graham Woolfman (Chairman) Richard Collett (Chief Financial Officer) Neil Rafferty (Non-Executive Director)
Registered office	Eastcastle House 27/28 Eastcastle Street United Kingdom W1W 8DH
Head office and business address	Mittelstr 51-53 Berlin Germany 10117
Company Secretary	MSP Corporate Services Ltd
Financial Adviser	Novum Securities Limited 57 Berkeley Square London W1J 6ER
Legal advisers to the Company	Marriott Harrison LLP 80 Cheapside London EC2V 6EE
Auditors	Haines Watts East Midlands Audit LLP Woburn Court 2 Railton Road Kempston Bedfordshire MK42 7PN
Reporting accountants	PKF Littlejohn LLP 15 Westferry Circus Canary Wharf London E14 4HD
Legal Advisers to the Financial Advisers	DWF Law LLP 20 Fenchurch Street London EC2M 3AG
Registrars	Share Registrars Ltd 3 The Millennium Centre Crosby Way Farnham GU9 7XX

PART I

INFORMATION ON THE COMPANY

1. Introduction

World Chess Plc was established in January 2017 together with the key operational company of the group World Chess Events Limited (UK). World Chess Plc subsequently acquired World Chess US, Inc. (USA) and World Chess Rus LLC (RUS), two companies that participated in the World Chess project prior to the registration of the holding. These acquisitions took place respectively in 2017 and 2018. World Chess Digital Limited (Hong Kong) was acquired in June 2019. In October 2021, World Chess Europe GmbH was established in Germany to address bureaucratic complexities. All four companies are 100% owned by World Chess Plc. Due to the Russia-Ukraine conflict, the Company has disposed of its Russian assets from the Group at the end of Q2 of this year. As such, World Chess Rus LLC (RUS) is no longer part of the Group. On 2 June 2022, the Company incorporated a Georgian Company, World Chess Sakartvelo LLC, which is 100% owned by World Chess Plc.

The Group aims to promote the mass market appeal of chess globally through the commercial offering of different chess related activities, including the organisation of top-level tournaments, operation of the official online gaming platform of the International Chess Federation (FIDE) and other sport, lifestyle and social activities, and merchandise related to chess. Whilst the Company was incorporated as the holding company in 2017, the origins of the World Chess project, and first activities, date back to 2012. The relationship with FIDE commenced in 2012 originally between FIDE and Agon Limited, with which Ilya Merenzon and other core members of the current team were involved.

Chess is a global mass participation sport with more than 600 million active players, with increasing numbers due to the growth in online platforms, however it has not yet become properly commercialised. Market expansion remains in its early stages, despite chess being one of the oldest sports on the planet, predominantly due to its lack of television presence. Unlike other mass sports, for example tennis and football, historically chess required a thorough understanding of the game for spectators to enjoy and games could last days, making it a difficult format to broadcast.[1,2]

Chess games are categorised based on the length of time of a game or the time a player has, to make his or her move. Time duration is usually defined as the amount of time each player has to complete the game and is formed from a base amount of time with an option to add extra time with each move that is made, known as an increment. Alternatively, another type of time control can be set as the time allowed for each move. There are ratings for each time control. The different types of chess game categories are outlined below:

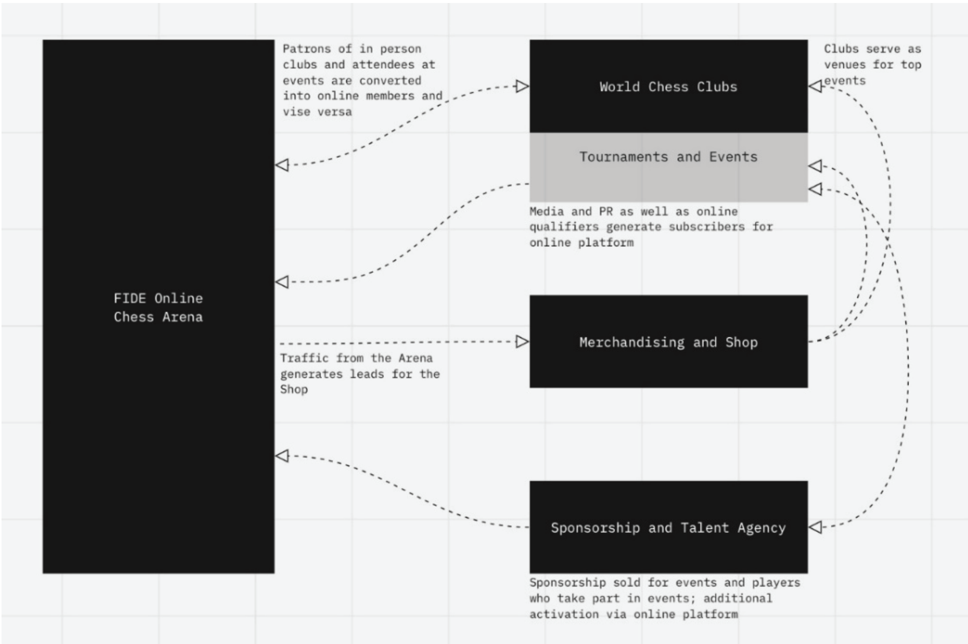
Standard or Classic	This type of chess is defined by FIDE as a chess game in which each player's allotted thinking time is at least 60 minutes. There are a number of methods that tournaments and leagues use to determine their time-control. One is to have a time-control for a set number of moves before finishing with a fixed quick play finish to complete the remaining moves. Another is to just have a fixed time to complete all moves or to have a fixed time plus an increment. This is where each player has a basic amount of time, and every move made gains extra time on the clock.
Rapid	This type of gameplay is defined as each players' allotted thinking time being more than ten minutes but fewer than 60. Some tournaments have games where players have 25 minutes to start with an increment of five seconds per move. Players do not need to record their moves, however at any time the player can be asked to be provided with a score sheet in order to record their moves. The player can also request to see their score sheet, however this can only be requested a maximum of five times, anymore is seen as a distraction to their opponent.
Blitz	A blitz game is where all moves must be completed in a fixed time of 10 minutes or less per player. In common with rapid chess, the player does not need to record their moves, the moves are recorded by the arbiter and a player can request a maximum of five times per game to be shown their scoresheet. If a game is concluded in under three minutes, then it is defined as a Bullet game.[1]

[1] https://handbook.fide.com/chapter/E012018

[2] The event was organised by one of the World Chess Plc subsidiaries – World Chess US, Inc. (Delaware, USA) prior to the incorporation of the holding company

The proliferation of smartphones has suited chess to increase the sport's popularity, which is also fuelled by 'chess in schools' programmes to include chess in the curriculum, as well as recent success of the Netflix show 'The Queen's Gambit', has propelled chess into popular culture.

The Group's activities include the development and commercialisation of projects connected with chess and it has contributed to the recent surge in chess popularity.[1,2] The Directors intend for World Chess to become the leading platform for the global chess community through online, in person and hybrid chess events and activities, and by providing complementary product offerings to players, spectators, and partners. As outlined below, the products are developed in such a manner that allows cross promotion between different product categories and makes sure that the audience is engaged throughout the whole World Chess product ecosystem:



The Group is a long-term commercial partner of FIDE and holds exclusive rights for the official FIDE online chess gaming platform, commercial rights to the FIDE Grand Prix Series, the Candidates Tournament, and FIDE World Chess Championship.

The Directors and Proposed Directors believe that the Group is in a unique position to engage with a large part of the global chess audience by encouraging and enabling access to chess as a professional sport, as well as a social and cultural phenomenon.

2. World Chess Business and Strategy

The core members of the current team have worked closely with FIDE on the World Chess Championship Cycle since 2012. The Group has built upon this legacy to provide chess events and user engagement experiences that have been successfully delivered across multiple channels.

The World Chess team has organised some of the most significant chess events in recent years, including the FIDE World Chess Championship Match in New York in 2016[2], called the sporting event of the year[3], and the FIDE World Chess Championship Match in London in 2018. Based on the media monitoring report produced by W Communications, the media reach for this match was slightly over 42 billion contacts, calculated as combined coverage of each individual piece of coverage of the event.

The Group has subsequently expanded into online chess gaming, acquiring a company that holds exclusive long-term rights in relation to the FIDE gaming platform. In 2019, World Chess introduced chess to prime-time TV, developing the 'Armageddon Series', a chess competition filmed in a virtual reality studio and made for television, broadcast on the leading Russian sports channel during prime time[4].

[2] The event was organised by one of the World Chess Plc subsidiaries – World Chess US, Inc. (Delaware, USA) prior to the incorporation of the holding company

[3] GQ Magazine, published 23 November 2016 – Forget football... chess is the truly beautiful game

[4] Match TV Channel, published 10 June 2019 – «Матч ТВ» покажет первый полностью снятый в студии виртуальной реальности шахматный турнир «Армагеддон»

Currently, the World Chess eco-system develops and commercialises chess on a global level using product verticals that fit into seven categories:

Online Platform

The World Chess online platform offers multiple opportunities for chess players to interact and develop through chess gaming, educational and news content, and broadcasting of offline chess events. The platform incorporates the official FIDE online gaming, FIDE Online Arena (FOA), and is the only place for chess players across the globe to obtain official online ratings and titles recognised by FIDE. It also allows players to participate in online rated tournaments.

By June 2023, World Chess plans to develop and integrate a system into its gaming platform that allows third-party chess platforms access to the official ratings and titles. Third-party platforms will be able to join on a non-discriminatory basis and offer their users a paid option to receive FOA ratings and titles that will be administered and managed by World Chess. The company will grant access to the system, assign them IDs and will manage ratings, titles, and anti-cheating measures connected to the official games. The Company will pay a percentage of the membership fees to the third-party platforms, as a finder's fee, and it envisions FIDE Online Arena to be the umbrella platform for the official ratings and titles and to have extremely high market reach directly as well as via the third-party platforms.

The platform operates as a subscription model with varying price points depending on the features purchased by the members.

Type of Subscription Plan	Current Price	Access
Free	Free	• Playing chess for World Chess (internal) rating • Single games (non-rated and World Chess rated) • Ability to participate in tournaments (rating and results are not recognised by FIDE) • Limited analysis of the games
Pro	€25/year	• Ability to acquire and play for the official FIDE Online Arena Rating recognised by FIDE (the rating is shown on the player's FIDE card on FIDE.com) • Ability to qualify for the official lifetime FIDE Online Arena ratings recognised by FIDE (rating appears on the player's FIDE card) • Official FIDE ID (can also be used for over-the-board games) • KYC according to FIDE standards • Right to participate in the FOA-rated tournaments • Right to qualify in over-the-board events organised by World Chess • Additional anti-cheating measures • Special invitations to online events with cash prizes • Complete games archive and PGN download
Masterclass	€99/year	• Access to masterclasses and sessions by top grandmasters conducted via video-conference

Not only does the platform allow chess fans to receive an official status, it also gives players from around the world access to professional chess by removing the need to participate in offline tournaments, until they are ready to do so and have mastered online tournament play. As a result, children in developing countries are able to become part of the professional chess community, at a significantly reduced cost than previously available.

World Chess utilises proprietary analytical tools to combat cheating on the FOA. The Night Watch Fair Play Suite (NightWatch) is a complex of anti-cheating tools which can analyse chess games and assess the cheating probability for both the game and the player using a variety of parameters. The entirety of these parameters gives the system an ability to determine fair play violations with a high probability, such predictions being based on modern scientific mathematical models.

In addition to NightWatch, the Company regularly introduces new anti-cheating methodologies. Currently, a special bot-detection system is being tested as well as a neural network component. Players who are judged to have violated the anti-cheating standards may receive sanctions and penalties including, strict reprimands (warning), suspension of the account for the period up to 3 years, withdrawal of the FOA titles previously earnt.

The Company uses the following channels to promote the platform:

- Paid marketing and advertising;
- Marketing within tournaments and activities organised by the Company;
- Promotion through chess and general influencers;
- Cooperation with local chess federations and clubs;
- Organising offline events with online serving as a qualifier;
- Promotion through offline presence; and
- Promotion through social campaigns organised in cooperation with corporate brands.

The platform was launched as a beta version in November 2020, with the fully operational platform available from April 2021. The online platform currently has 530,000 customers with over 5,000 paying subscribers.

Further details of the FIDE online gaming contract are set out in paragraph 12.1 of Part VI of this Document.

Tournaments

World Chess co-organises with FIDE the World Chess Championship cycle, consisting of six to seven top-level tournaments held within a two-year period:

- Four FIDE World Chess Grand Prix Series tournaments. The winners of these tournaments can be entered into the Candidates Tournament. In 2022, there were three tournaments due to the need to fit the events into a very tight schedule as many events were moved due to COVID-19;
- FIDE Candidates Tournament. This is the tournament which decides who will face the current Champion in the final; and
- FIDE World Chess Championship (also referred to as "FIDE World Chess Championship Match"), which determines the next World Chess Champion.

World Chess currently holds the full rights in relation to the sponsorship, advertising, tickets, broadcasting, and other income-generating activities in relation to FIDE Grand Prix Series' tournaments and largely holds sole responsibility for their organisation. In relation to the Candidates Tournament and FIDE World Chess Championship, World Chess has an arrangement with FIDE for profit-sharing of the sponsorship proceeds, as well as certain rights in relation to the broadcasting and merchandise production for these events.

Today, the demand for more dynamic, shorter, and more colourful formats of chess is as high as ever and recent changes in the sport require new formats of chess event. The Company will develop its own events which will not be bound by historic limitations. World Chess has developed its signature format, Armageddon, that is fast yet organised according to conventional chess rules and regulations. World Chess will continue to organise tournaments that may include FIDE events in the future but will focus more energy and resources on organising large events that can use the online platform as the qualification criteria.

This change in tournament strategy is due to the fact that the company has become a gaming company rather than the media company at its core and will focus on increasing the number of users (players) rather than only spectators. The company will choose FIDE or other chess events that it organises with the aim of adding value to its online chess members who can qualify via online into the offline events. These events might include, but are not limited to, national blitz championships, global blitz events and more.

World Chess has organised three Grand Prix series tournaments in 2022. In 2023 the group plans to organise five Armageddon Series tournament with fast time controls, perfectly suitable for TV and Internet broadcasting and featuring top-level chess grandmasters from all over the world. All the offline events of the Armageddon Series will be staged in a special studio in Berlin (Germany). Qualifying stage for the Armageddon Series will take place online and will be organised in H2 2022. Following completion of the next championship cycle, World Chess plans to increase the frequency of its own tournaments.

World Chess will also begin to hold open tournaments, with one such tournament in 2023 in Berlin. It is anticipated that the frequency of these events will increase from 2024 and additional geographies will be introduced.

The group will also be working with its corporate partners to organise tailor-made tournaments to address specific needs of the partners' businesses.

Historically, over 70% of the revenue derived from offline tournaments comes from sponsorship, with the remainder coming from ticket sales, media rights sales, pay-per-view broadcasting, event merchandise and smaller partnerships. The Group anticipates that arranging its own events, with more flexibility for example around tournament format, could result in enhanced sponsorship and media opportunities, with the benefit of lower costs.

Further details of the FIDE events contract are set out in paragraph 12.2 of Part VI of this Document.

Merchandise

World Chess develops and sells official World Chess Championship merchandise, including the official World Chess Championship Chess Set designed by Pentagram. The chess sets cover a range of price points from 47.50 EUR to 697 EUR, all based on the official and patented design, across a range of materials. In Q3 of 2020 World Chess launched production of a special version of the World Chess Championship set to be used by chess clubs, schools, and local federations.

Apart from the chess sets, World Chess produces various products including prints and limited-edition event-based apparel lines. The merchandise is distributed online via the company-managed online store, via a select number of retail partners including but not limited to, Virgin Megastore in Dubai, Harrods and Chess & Bridge in London, Amazon in the USA, and at major events.

World Chess Clubs

In 2018, World Chess opened a hybrid venue in Moscow which included a modern chess club, a bar, and a retail outlet. This venue was well received by both the chess world and the general public, notably young professionals, and established itself as a leading destination for both local and visiting chess players, as well as bar enthusiasts. Due to the Russian-Ukraine conflict, the Group has sold the venue and it is no longer part of the Group's assets.

In 2022, a new chess club opened in Berlin to act as a central European hub. The new venue features opportunities to host amateur and top-level tournaments all year round and has already hosted two FIDE Grand Prix events in H1 2022. The venue is currently completing construction works to enable the its use not just for the big tournaments, but also for day-to-day operations, including food service (cafe, bar) and classic chess club activities. Holding these top-level international chess tournaments is expected to enhance public awareness and interest, while at the same time significantly reducing the event management costs for these tournaments.

It is the Directors' intention to open further chess clubs in major cities in due course. Franchising opportunities are also being looked at for smaller versions of World Chess Clubs – World Chess Cafes (working title), to minimise capital investment whilst accelerating rollout and representing the brand through partnership with independent private partners at a local level.

Sponsorship

Initially, sponsorship was linked to events organised by World Chess, however more recently the Group has expanded their sponsorship opportunities to the online platform.

World Chess has a growing portfolio of long term and repeat event sponsors including Unibet, Mercedes Benz and BMW. The long-term sponsorship deals have allowed the Group to cultivate relationships with leading companies including Kaspersky lab, a cybersecuritiy company and Algorand Foundation, a Boston-based blockchain project. These relationships, coupled with the growing media and online interest of World Chess has enabled the Group to raise amounts ranging from €10,000 to over €1,000,000 per sponsor in the past few years, and in several cases, these deals cover multi-year arrangements.

The Directors believe that sponsorship can continue to be a large revenue option for the Group, especially with their intention to increase the frequency of World Chess' own events, as well as the continued upward trajectory in the popularity of the online platform and Chess clubs.

The Group has historically received some sponsorship revenue in the form of crypto currency which it has converted to fiat currencies at the earliest opportunity, usually upon receipt or in accordance with an agreed schedule of conversion. The Group has not traded in crypto currency to date and such activities do not form part of its strategy.

Media

World Chess has developed a brand that is recognisable, appealing, and represents a younger, more image conscious side of the global chess community. This brand has grown through broadcasting, media partners, for example the New York Times, and a strong social media presence. The Armageddon series, an event established and developed by World Chess, was broadcast on one of Russia's main sports channels in 2019, helping to increase awareness of the World Chess brand. The Group plans to organise five Armageddon Series tournaments in 2023 with an online qualifying stage.

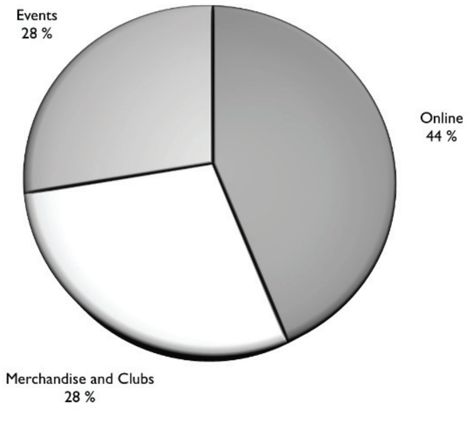
Talent

The Group is in the process of establishing Chess & Co, an agency to partner brands with individual chess players. Chess & Co. has been created in response to corporate interest in partnering brands with individual players. Unlike other major sports, very few chess players are able to support themselves in becoming professionals and the chess community remains largely self-funded.

The Directors and Proposed Directors believe there are significant earning opportunities in partnering players with brands, utilising the reputation of World Chess, and leveraging the pre-existing relationships that World Chess has developed through their other avenues of the business. Chess & Co. are already in talks with several top players, including Wesley So (USA) ranked ninth in the world, and Daniil Dubov, the 2018 World Rapid Chess Champion.

These seven verticals allow World Chess to be a leader in the industry and offer a wide range of products and services to the growing chess community around the world.

Previously, the Company derived a substantial portion of its revenue from events through event sponsorship, hospitality, and media rights. The development of World Chess' online platform has shifted the Company's primary revenue stream to online. The pie chart below outlines the revenue streams for the Company for 2021 (1,407,501 EUR for events, 905,174 EUR for online platform and 903,725 EUR from Merchandise and Clubs):



Environmental and Social Governance

One of the Group's core values is the universal access to chess for all and it is invested to become a comprehensive high-profile supporter of the global chess community through education, development of its clubs, and organising championships through its digital and offline products.

The United Nations has identified chess as offering important opportunities to aid the implementation of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals, by realising gender equality, strengthening education and the empowerment of women and girls.

World Chess is committed to help achieve these goals set out by the United Nations and has identified that the growth in the popularity of the sport of chess is key to long-term business health. The Group has a commitment to provide free public programmes for children and promote this especially during tournaments organised by them. World Chess was also the first organiser to nominate a woman, Hou Yifan, in the World Chess Championship Cycle Event and believes that gender equality across chess is of critical importance.

The Directors intend to continue with their commitment in enabling chess to become accessible to all.

3. Marketing Strategy

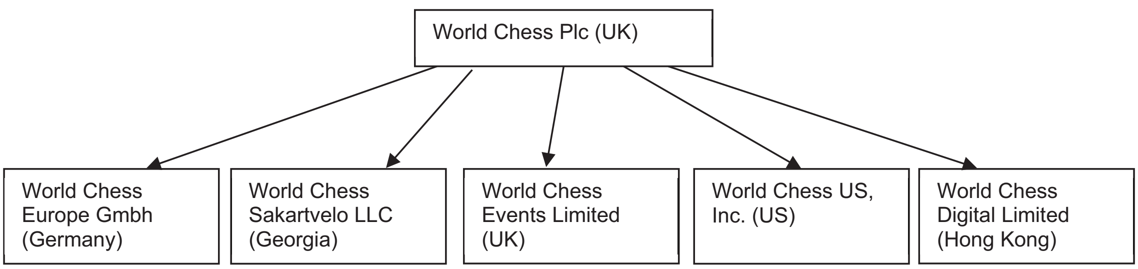
World Chess utilises a variety of channels to promote its products and brand to its audience, both new and existing online platform users. These channels are described in more detail below:

- *Performance Marketing* – the Company markets its products through paid campaigns via social media and search engines (Facebook, Google, Instagram, and other platforms), targeting its messages based on specific segments of the audience as well as highlighting different components of the products portfolio.
- *PR* – the Company has been successful in garnering media attention regarding the World Chess brand and its related products. Articles have been published in various media sources including The New York Times, The Guardian, and Der Spiegel.
- *Social Media* – the Company has its own Facebook, Instagram, and YouTube platforms (total audience of over 250,000 and growing) which it uses to communicate with the audience and to promote its products and brand as well as using their presence to advertise events organised by World Chess.
- *Working in partnership with federations* – World Chess has developed relationships with various national and local clubs and other organisations relating to chess. The Company is in the process of developing tools to aid the federations in managing and organising online tournaments on the company's Gaming Platform. Federations and the other organisations can use this feature free of charge, however their members are prompted toward paid subscriptions by invitation to paid-subscriber-only events and tournaments and information on subscriber-only benefits. These members also receive advertisements of the World Chess products.
- *Promotion through Events* – World Chess organises its own chess tournaments and events, where the Company advertises its products and promotes the World Chess brand. These are promoted to the players as well as the fans attending the events and tournaments. The Company has a pipeline of events and tournaments, including the Grand Prix series in 2022, co-organised with FIDE, which will further endorse the World Chess brand and associated products.
- *Influencers* – World Chess works with several prominent chess players and chess influencers, including Wesley So (USA) ranked ninth in the world, and Daniil Dubov, the 2018 World Rapid Chess Champion. The Directors aim to continue growing this network and create a diverse line up of ambassadors in all major chess playing cities across the World.
- *Promotion through Association with FIDE* – World Chess has a partnership with FIDE and utilises this relationship to strengthen the World Chess brand and products. This includes the World Chess Champion Chess Set, the only chess set approved by FIDE for the World Chess Championship cycle events.

Aside from these, the Company also utilises other marketing methods to support the promotion of its brand and products, principally through email, viral promotion, and ad-hoc partnership activities, for example organising with Kasperksy a Chess match between Trent Alexander-Arnold, a Liverpool footballer against Magnus Carlsen. As well as co-organised an event where a top chess player played online against astronauts aboard the International Space Station.

4. Corporate Structure

A summary of the corporate structure is set out below:



All subsidiaries are 100% owned by World Chess Plc (UK).

World Chess Plc (UK)

The holding company of the Group.

World Chess Events Limited (UK)

This is the main operational company of the Group which manages its worldwide activities. It operates the online platform, organises events, controls the production and distribution of the merchandise and performs various other activities related to chess. Most of the activities related to offline events within European Union will be transferred to World Chess Europe GmbH.

World Chess US, Inc.(USA)

This company is mainly used to facilitate payment processing for the online platform.

World Chess Digital Limited (Hong Kong)

The Group is in the process of settling the limited outstanding business and will subsequently dissolve this subsidiary.

World Chess Europe Gmbh (Germany)

This company was established to address the increased bureaucratic complications of performing activities in Europe via UK company connected with Brexit.

World Chess Sakartvelo LLC (Georgia)

Following the decision to dispose of the Group's Russian subsidiary as a result of the conflict in Ukraine, the Directors established World Chess Sakartvelo to provide a continued presence in Eastern Europe. Georgia was selected as the jurisdiction as it offers a favourable business and fiscal environment whilst Tbilisi has a vibrant chess community and is the headquarters of the European Chess Union.

In April 2022, the Group removed World Chess Rus, LLC (Russia), the subsidiary that operated the World Chess Club in Moscow, from the Group due to the ongoing Russian-Ukraine conflict.

5. Market overview and current trends

Chess players represent one of the largest communities in the world. A 2012 study by YouGov indicated that more than 600 million adults play chess regularly, and at least 70% of the adult population of countries including US, UK, Germany, Russia, and India have played chess at some point during their lives[5]. Based on the Playmagnus (TIDM: PMG.OL) Annual Report of 2019, the online chess market's compound annual growth rate has been growing at approximately 15% and increased exponentially in 2020. Monthly traffic to chess websites increased by as much as 75% at the end of H1 of 2020 compared to the end of 2019.

Until recently the sport of chess did not gather much attention except for some high-profile World Chess Championship Matches like the Fischer – Spassky Match in 1972 and the Kasparov – Kramnik in 2000. The internet has brought previously separated chess communities together with significant growth since the World Chess Championship Match in Sochi in 2014 in which World Chess played an active role.

The global profile of chess has been enhanced by the recent popular Netflix series "The Queen's Gambit" about a chess prodigy as she comes of age in the competitive chess world. The series was watched by 62 million households in the first 28 days after its release and has contributed to a surge in the popularity of chess. US Toy retailer Goliath Games saw a spike of chess set sales in November and December 2020, Chess.com has reported to add c.1 million new members each month since the beginning of lockdown in March 2020 which rose to c.2.8 million in November, when "The Queen's Gambit" was released.[6]

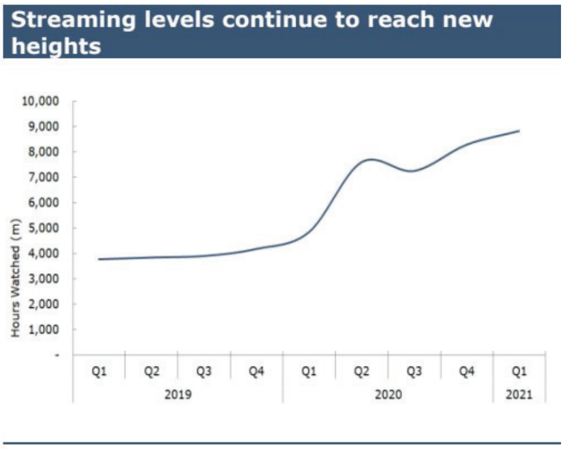
The online market is quite underdeveloped and even the biggest platforms do not account for as much as 10% of the active chess players, with chess.com, the most popular chess platform, indicating c. 40 million members on their website. World Chess exclusive partnerships with International Chess Federation help add professional allure to the hobby, both through official online rankings, high quality merchandise and unique hospitality experiences whilst presenting an opportunity to work with a vast audience of active chess players as compared to the professional chess players who barely comprise 0.1% of the general chess market.

According to Goodbody's April 2021 research letter, the pandemic caused a spike in the number of people accessing streaming platforms, as they interacted through online games and streaming platforms. However, this trend has continued into Q1 of 2021. The number of Twitch views has grown at its fastest rate since the start of the pandemic, and similar movement is seen in other platforms with both Facebook Gaming and YouTube Gaming passing the 1 billion hours watched.

[5] YouGov research on chess – https://www.fide.com/images/stories/NEWS_2012/FIDE/120806_YouGovPressRelease.pdf
[6] the Queen's Gambit' chess boom moves online by Rachel Dottie, Bloomberg, 16 December 2020

The eSports industry has gained comparable traction, initiatives such as Nascar Esports and F1 eSports, has engaged much broader audiences. It is forecasted that revenue for the esports industry will be around US$1.1 billion in 2021.

Similarly, cloud gaming revenue is predicted to be US$1.4 billion, assuming that there are 23.7 million paying service members at the end of 2021. The COVID-19 pandemic has hastened the association between chess and eSports. In the first half of 2020, chess was one of the top categories on Twitch.com, a global steaming platform, and the hours broadcasted of chess has increased by 150% in the past year.[7]



There are currently five leading chess gaming platforms (chess.com, lichess.org, chess24.com, chessbase.com and ICC) as well as smaller gaming platforms in the majority of countries across the globe that have a large local user base and awareness. The majority of these online platforms offer premium packages, ranging from US$50 to US$120, with members benefitting from an ad-free environment, premium content, and features. Whilst in direct competition with World Chess, the Company has the exclusivity of its long-term position as the official platform for FIDE with the ability to award officially recognised online ratings and titles.

Over the past few years, there has been a major spike in the number of top-class chess events, notably the Grand Chess Tour, offering four to seven events per year principally based in St. Louis, USA; Norway Chess, an annual tournament; and the Isle of Man International, organised by Chess.com. As well as physical chess tournaments, there are also top-level online events, the most prominent being The Champion's Chess Tour, a series of nine tournaments throughout the year played across nine days of chess. World Chess organises the FIDE Grand Prix, part of the World Chess Championship cycle. Additionally, the Company has developed its own format of chess tournament, Armageddon, aimed at television and streaming services.

In the retail sector, there are a vast number of shops who sell chess sets, including the World Chess Championship set, which the Company holds Intellectual Property rights to. Retail shops also stock other chess sets manufactured by the Company based on the Championship set design.

6. Regulatory Environment

The Group does not operate in a regulated environment; however, FIDE is the global governing body for chess and as such oversees the sport's rules, regulations, and disciplinary processes.

7. Response to Russian-Ukraine Conflict

Due to the ongoing Russian-Ukraine conflict, the Group has removed its association with Russia by the following:

- Sale of World Chess Club in Moscow, and subsequent removal of World Chess Rus, LLC from the Group.
- Ekaterina Chalykh resigned from the Board, as such the Board has no individuals who are residents of Russia.
- Terminating contracts with Russian development companies, with substitute contracts sourced and engaged, with companies outside of Russia.

[7] https://sullygnome.com/game/Chess/365/summary

- Performing sanction checks on all employees of the Company. Sanctions checks have been rerun by the advisors to the Group.
- All previously Russian-based continuing employees and consultants have relocated from Russia.

Additionally, Jamison Firestone, a Non-Executive Director of the Company, is a lawyer who is active in advising on sanctions legislation pertaining to Russia, and related individuals on behalf of organisations in the UK, the EU, and the US.

Neither the Company nor any of the Directors are persons connected with Russia under UK sanctions regulations.

8. Current trading and historical financial information

The Group Financial Information presented in this Document consists of:

a) audited consolidated financial information of the Group for each of the financial years ended 31 December 2019, 31 December 2020, and 31 December 2021. Unless otherwise stated, no other financial information presented in this Document has been audited; and

b) interim results for the 6m ending 30 June 2022 and comparative figures for the 6m ending 30 June 2021. The interim results are unaudited.

Current trading is in line with Directors' expectations.

9. Use of the proceeds

The gross proceeds of the Fundraising will initially be used to fund the expenses of Admission and the Fundraising, including the initial listing fees, legal, accounting, registration, printing, advertising and distribution costs and any other applicable expenses. The Company projects these costs to be approximately £175,000 (including irrecoverable VAT). The remaining Net Proceeds will be used to develop and expand the Group's business in accordance with the Group's strategy set out in paragraph 2 of Part I. The main uses of funds can be seen in the table below:

Uses of Funds	**£'000**	***€'000s**
IPO Costs	175	200
	569	650
Online platform development	1,138	1,300
Organic marketing (promotion of brand)	350	400
Performance marketing (directly paid marketing efforts)	263	300
Expansion marketing (emerging markets)	263	300
Other	287	328
Total Gross proceeds	3,043	3,478

* based on the closing exchange rate of £1: €1.14 on 17 March 2023, being the closing rate on the last working day before the date of the Document

10. Liquidity and capital resources

Sources of cash and liquidity

The Group's source of cash has derived from trading operations and borrowings to date. The Net Proceeds will further increase those funds and will be in cash at bank and available for deployment as necessary in due course. There are no restrictions on the use of the Group's capital resources that have materially affected, or could materially affect, directly or indirectly, the Group's operations.

The Company may raise additional capital from time to time. This may include capital to be raised in connection with acquisitions by the Company. Such capital is expected to be raised through share issues (such as rights issues, open offers or private placings) or borrowings. The Company does not anticipate raising any further funds within 12 months of Admission.

In January 2022, the Group liquidated its remaining interest in Algo crypto assets resulting from the loan collateral arrangement entered into in 2019 (described in Part III 'Operating and Financial Review' of this document) and repaid the outstanding balance of its Genesis loans (described in Part III 'Operating and Financial Review' of this document).

In May 2022 the Company issued 10,752,689 new Ordinary Shares to Steinitz Investments Ltd for total cash consideration of €1,000,000. In September 2022 the Company entered into a Convertible Loan Agreement with Breakthrough Initiatives Limited for €1,000,000 which was drawn down in full, the loan bears interest at 8% per annum for a five-year term convertible at the listing price on listing. As at the date of this document the Group's only other outstanding loan (held in WC US Inc.) is of €65,513.

If debt financing is utilised, there will be additional servicing costs. Furthermore, while the terms of any such financing cannot be predicted, such terms may subject the Group to financial and operating covenants or other restrictions, including restrictions that might limit the Company's ability to make distributions to Shareholders.

As substantially all of the cash raised by the Company (including cash from subsequent share offers) will (or is expected to) be used in connection with the development and expansion of the Group's business, the Group's future liquidity will depend in the medium to longer term primarily on: (i) the Group's implementation of its Business Plan, (ii) the Group's management of available cash; and (iii) the use of borrowings, if any, to fund short-term liquidity needs.

11. Capitalisation and Indebtedness of the Group

Capitalisation

The following table shows the Group's capitalisation at 31 December 2022, as extracted from the Group's unaudited management accounts as at this date:

	31/12/2022
	€
Total Current Debt	**95,686**
– Guaranteed	—
– Secured	—
– Unguaranteed/Unsecured	95,686
Total Non-Current Debt (excluding current portion of long-term debt)	**2,426,928**
– Guaranteed	—
– Secured	—
– Unguaranteed/Unsecured	2,426,928
Total debt	**2,522,614**
Shareholder's Equity	
Share capital	68,260
Share premium	6,518,849
Other reserves	21,735
Total capitalisation	**9,131,459**

There has been no material change in the capitalisation of the Group since 31 December 2022.

Indebtedness

The following table shows the Group's indebtedness at 31 December 2022, as extracted from the Group's unaudited management accounts as at this date:

		As at 31/12/2022
		€
A.	Cash	40,820
B.	Cash equivalents	—
C.	Trading securities	—
D.	**Liquidity (A) + (B) + (C)**	**40,820**
E.	Current financial debt	—
F.	Current portion of non-current financial debt	95,686
G.	**Current financial indebtedness I + (F)**	**95,686**
H.	**Net current financial indebtedness (G) – (D)**	**54,866**
I.	Non-current financial debt	1,407,860
J.	Debt instruments	1,019,068
K.	Non-current trade and other payables	—
L.	**Non-current financial indebtedness (I) + (J) + (K)**	**2,426,928**
M.	**Total financial indebtedness (H) + (L)**	**2,481,795**

Included in the total financial indebtedness is a €1,403,691 liability relating to a ten-year lease, which commenced on 1 January 2022, for the World Chess Club Berlin situated at Mittelstraße 51, 10117 Berlin, Germany. The current portion of the liability, being €495,686, is included in Current portion of noncurrent financial debt (F) and the non-current portion, being €1,308,005, is included in non-current financial debt (I).

Included in the total financial indebtedness is a €1,019,068 liability relating to a loan agreement dated 30 September 2022 with Breakthrough Initiatives Limited convertible at the listing price.

On 20 February 2023, the Company entered into a short-term loan agreement with Ilya Merenzon, whereby Mr Merenzon advanced the Company €500,000 to be repaid three working days after the day of admission of any of the Borrower's securities to trading on a regulated securities market. The loan agreement was varied on 16 March 2023 to increase the amount of the loan to €650,000.

There has been no other material change in the indirect or contingent indebtedness of the Group since 31 December 2022.

12. Lock-In

On Admission, the Directors will, in aggregate, hold 443,430,000 Ordinary Shares, representing 66.49% of the Enlarged Share Capital. The Directors have agreed with the Company and Novum, except for certain standard exceptions, not to dispose of any interest in the Ordinary Shares held by them for a period of 12 months following Admission (Lock-In Period) and then for the following 12 months not to dispose of their Ordinary Shares without first consulting the Company and Novum in order to maintain an orderly market for the Shares.

13. Dividend policy

The Directors do not intend to pay a dividend for the foreseeable future until the Company has achieved sufficient profitability and requirements for working capital are such that it is prudent to do so and, even then, the Directors may not determine to pay any dividend or make any other form of distribution. It follows that no assurance is or can be given that the Company will ever pay any dividend or make any other form of distribution.

14. The City Code

The City Code, which is issued and administered by the Panel on Takeovers and Mergers (**Panel**), applies to all takeover and merger transactions, however effected, where the offeree company is, *inter alia*, a company resident in the UK, the Channel Islands or the Isle of Man, the securities of which are admitted to trading on a regulated market or a multilateral trading facility (such as the Access segment of the AQSE Growth Market) in the United Kingdom or on any stock exchange in the Channel Islands or the Isle of Man.

Ordinarily, under Rule 9 of the City Code (Rule 9), where (i) any person acquires an interest in shares which, when taken together with shares in which persons acting in concert with them are interested, carry 30% or more of the voting rights of a company subject to the City Code or (ii) any person who, together with persons acting in concert with them, is interested in shares which in aggregate carry not less than 30% but not more than 50% of the voting rights of a company and such person, or persons acting in concert with them, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which they are interested, that person is normally obliged to make a general offer to all shareholders to purchase, in cash, that company's shares at the highest price paid by them, or any person acting in concert with them, within the preceding 12 months.

Under the City Code, a concert party arises when persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate control of that company. Under the City Code, control means a holding, or aggregate holding, of shares carrying 30% or more of the voting rights of a company, irrespective of whether the holding or holdings gives *de facto* control.

Ilya Merenzon and Matvey Shekhovtsov are the founders of the Company. Immediately following Admission, Ilya Merenzon will be interested in 404,520,000 Ordinary Shares, representing 60.66 per cent. of the Enlarged Share Capital and Matvey Shekhovtsov will be interested in 33,350,000 Ordinary Shares, representing 5.00 per cent. of the Enlarged Share Capital. As at Admission, Ilya Merenzon and Matvey Shekhovtsov will together be interested in Ordinary Shares carrying more than 50 per cent. of the voting rights of the Company and will therefore be able to acquire further Ordinary Shares without incurring an obligation to make an offer to the Shareholders of the Company under Rule 9 save for if Matvey Shekhovtsov's interest in Ordinary Shares increases to 30% of the Enlarged Share Capital, the Takeover Panel may deem such an obligation to have arisen. On and following Admission, the City Code will apply to the Company.

15. Share options, incentives, and Warrants

The Directors believe that it is important for the success and growth of the Company to employ and engage highly motivated personnel and that equity incentives are available to attract, retain and reward employees, directors and consultants. In order to achieve that objective, the Company intends to adopt an incentive plan under which it may award new Ordinary Shares to directors, employees and consultants pursuant to share option and incentive schemes approved by the Board. It is intended that any individual awards under any such scheme will be subject to vesting and/or performance conditions. Ordinary Shares under such plans will not exceed 3 percent of the Company's issued Ordinary Shares from time to time without the prior approval of Shareholders.

16. CREST

The Articles of Association are consistent with the transfer of Ordinary Shares in dematerialised form in CREST under the CREST Regulations. Application has been made for the Ordinary Shares to be admitted to CREST on Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if relevant Shareholders so wish.

CREST is a voluntary system and Shareholders who wish to receive and retain certificates in respect of their Ordinary Shares will be able to do so.

17. Subscription and Retail Offer

Pursuant to the Subscription, the Company will allot 63,608,812 Subscription Shares at the Subscription Price. The Subscription is not being underwritten. The Company has received irrevocable commitments (subject only to statutory withdrawal rights) to subscribe for all of the Subscription Shares from investors, and there are no conditions attached to such irrevocable commitments other than Admission.

If Admission does not occur, the Subscription will not proceed and all monies paid will be refunded to the investors. If the Subscription does not complete, Admission will not occur.

The Company has engaged with PrimaryBid in relation to the Retail Offer to raise £56,500 by the issue of 904,000 Retail Shares.

The Company and the Directors have ensured that the Company shall have sufficient Shares in public hands, as defined in the Listing Rules. 16.52% of the Shares in issue at Admission are held by shareholders that fall within the Listing Rule 14 definition of shares in public hands.

18. Taxation

The Ordinary Shares do not rank as a "qualifying investment" for the purposes of the Enterprise Investment Scheme nor as a "qualifying holding" for the purposes of investment by Venture Capital Trusts.

Information regarding UK taxation in relation to the Ordinary Shares is set out in Part V of this Document. These details are, however intended only as a general guide to the current tax position under UK taxation law, which may be subject to change in the future.

If you are in any doubt as to your tax position, you should consult your own independent financial adviser immediately.

19. Further information and risk factors

You should read the whole of this Document which provides additional information on the Company and not rely on summaries or individual parts only. Your attention is drawn to the further information in this Document and particularly to the risk factors set out in this Document. Potential investors should carefully consider the risks so described before making a decision to invest in the Company.

PART II

EXISTING DIRECTORS, PROPOSED DIRECTORS, SENIOR MANGAGEMENT AND CORPORATE GOVERNANCE

1. Directors and Senior Managers

Current Directors

Ilya Merenzon, Aged 46, Chief Executive Officer

Ilya was educated in the US and holds an MPhil in Economics and an MBA. His previous experience includes working for the New York mayor's office where he was part of the team that developed the 'e-government project'. Ilya led a successful communications and government relations practice in New York, and his clients included the New York Stock Exchange and the New York Times. Ilya advised on several IPOs in the US, including the listing of Rostelecom, Russia's top telecommunications company. He has won several awards for his work in communications and finance. Ilya is resident in Berlin, Germany and is not ordinarily resident in Russia.

Matvey Shekhovtsov, Aged 31, Chief Operating Officer

Matvey obtained a master's degree in International Economic Law at the Moscow State Institute of International Relations and a Master I degree of the European and French Economic Law at Paris 1 Pantheon-Sorbonne University.

His fields of expertise include tax planning, compliance, sports law and corporate governance. He has participated in numerous PR, sport, and media projects. He joined the World Chess project in 2014 and in his current position oversees day-to-day operations of the company with special focus on compliance, corporate governance, and finance. Matvey is resident in Berlin, Germany and is not ordinarily resident in Russia.

Jamison Reed Firestone, Aged 56, Non-Executive Director

Jamison is a graduate of Tulane Law School and a member of the New York Bar. He founded the first independent foreign law firm in Russia. He lived in Moscow for eighteen years and has managed a law practice there since 1993. He was also a member of the Board of Directors of the American Chamber of Commerce in Russia for six years, where he lobbied both the US and Russian governments for changes to improve trade and business in Russia.

In 2007 Mr. Firestone's original Russian law firm exposed the largest tax fraud perpetrated against the Russian Government. During the last ten years Mr. Firestone has spent considerable effort advising on issues of how to effectively sanction dictatorships and kleptocracies and what to do with the frozen funds of kleptocratic regimes which belong to the people of their nations.

Proposed Directors

Graham Woolfman, Aged 66 Non-executive Chairman

Graham has over 30 years' experience in advising, investing, and supporting businesses. He was a founder Director of Gateway VCT plc, a technology focussed venture capital trust listed on the London Stock Exchange and managing partner of its investment adviser. Graham has worked with companies across a range of sectors, including technology, industrial, renewable energy, general service based, and financial services sectors. He is a director of public interest entities and private companies and has served as a director of investor backed, AIM quoted, and LSE listed companies.

Graham was a Non-Executive Director of Filta Group Holdings plc quoted on AIM since 2016, until it was taken over in March 2022, and Chair of the Audit Committee, and member of the Remuneration Committee. He is a Non-Executive Director, and Chair of the Audit and Risk Committee, and member of the Treasury Committee of Peabody Trust, and a Board member of its subsidiary, Catalyst Housing Limited. Graham was Chair of Ethernity Networks Ltd, a growth technology company based in Israel, quoted on AIM since 2017, where he advised and supported the process in the run up to its successful IPO and led and mentored the Board team until 2021. Graham is a Fellow of the Institute of Chartered Accountants in England and Wales, and previously a partner and head of Corporate Finance at a medium sized UK professional firm.

Richard Collett, Aged 46, Chief Financial Officer

Richard is a member of the Chartered Institute of Management Accountants (CIMA) and a non-practicing barrister, he has a degree in Economics from the University of Leeds and a post graduate diploma in Law from the City Law School, City University, London. He has nearly 20 years' experience leading finance, IT, HR and legal teams in SME's and scale up businesses, both privately owned, AIM and main market listed, across a range of industries including entertainment, travel, property, professional services, manufacturing, and luxury retail.

Prior to joining World Chess Richard was Chief Financial Officer at Live Company Group, the AIM listed events and entertainment group, and prior to that he was Chief Operating Officer at Ellwood Atfield. He has also held senior finance positions at Ten Group, Donaldsons (now part of Cushman & Wakefield), and Hay Group (now part of Korn Ferry).

Neil Rafferty, Aged 65, Non-Executive Director

Neil has spent much of his career in the telecoms and technology sectors holding a variety of senior executive positions. These range from being CEO & Board member of Easynet PLC (listed on the main London Stock Exchange before being acquired), CEO of Priority Telecom (a Dutch based cable company), and CEO of UCS (a Swiss based pan-European network carrier) which he managed through to sale after completing a significant business 'turn-around'. He was also Global Operation Director at Cisco Systems, primarily responsible for the British Telecom relationship, which was one of Cisco's largest global customers.

Neil was a Non-Executive director of Ethernity Networks Ltd, quoted on AIM since 2017, where he supported the process in the run up to its successful IPO and was Chair of the Nomination Committee as well as serving on the Audit & Risk Committee and Remuneration Committee until December 2021. Latterly, as founder of Portent Business Services, he has been advising companies across a variety of sectors primarily helping them implement growth strategies.

Neil holds a BA (Hons) degree from Newcastle Polytechnic.

Senior Management

Alex Panteleev, Chief Technical Officer

Alex Panteleev obtained a master's degree in Applied Mathematics and Informatics at MPEI (Moscow Power Energetic Institute), MBA at the RANEPA (Russian Presidential Academy of National Economy and Public Administration).

Alex is a former chess player with a maximum ELO rating of 2230 (National Master level in accordance with FIDE rankings system). With over 8 years in software development, he has been managing software teams of up to 20 engineers and has a wide expertise both with B2B and B2C software products, including ICQ mobile messenger, Tecon MT hardware microprocessor, Stoloto highload lottery operator.

Ekaterina Savelyeva, Financial Controller

Ekaterina Savelyeva obtained MBA in Finance, Investments & International Business at the City University of New York (Baruch College, Zicklin School of Business), New York, USA. She has been working at World Chess since 2016. Ekaterina has a diverse experience in finance, including working for HSBC in New York.

Nadia Panteleeva, Lead Business Development and Accounts Manager

Nadia is graduate of London Metropolitan University. She is responsible for new business and accounts. Prior to joining World Chess, Nadia has worked on several international projects, including Olympics activation for Coca-Cola Company.

All employees or consultants to the Company, have been relocated from Russia.

2. Corporate governance

As a Company with a Standard Listing, the Company is not required to comply with the provisions of the UK Corporate Governance Code. The Directors are committed to maintaining high standards of corporate governance and propose, so far is practicable given the Company's size and nature, to adopt and comply with the QCA Code.

The Company will hold timely board meetings as issues arise which require the attention of the Board. The Board is responsible for the management of the business of the Company, setting the strategic direction of the Company and establishing the policies of the Company. It is the Directors' responsibility to oversee the financial position of the Company and monitor the business and affairs of the Company, on behalf of the Shareholders, to whom they are accountable. The primary duty of the Directors is to act in the best interests of the Company at all times. The Board also addresses issues relating to internal control and the Company's approach to risk management and has formally adopted an anti-corruption and bribery policy.

The Directors have established an audit committee, and a remuneration committee with formally delegated duties and responsibilities.

Graham Woolfman, Jamison Reed Firestone and Neil Rafferty are considered by the Board to be independent Non-Executive Directors.

Audit committee

The audit committee, which currently comprises Graham Woolfman, Jamison Reed Firestone and Neil Rafferty and has the primary responsibility for monitoring the quality of internal control and ensuring that the financial performance of the Company is properly measured and reported on and for reviewing reports from the Company's auditors relating to the Company's accounting and internal controls. The committee is also responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring the financial performance of the Company is properly monitored and reported. The audit committee will meet not less than three times a year. This committee is chaired by Neil Rafferty.

Remuneration committee

The remuneration committee, which currently comprises Graham Woolfman, Jamison Reed Firestone and Neil Rafferty and is responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of the Company. This committee is chaired by Graham Woolfman.

Market Abuse Regulation

The Company has adopted a share dealing policy which sets out the requirements and procedures for the Board and applicable employees' dealings in any of its Ordinary Shares in accordance with the provisions of UK MAR.

PART III

OPERATING AND FINANCIAL REVIEW

The following is a discussion of the Group's results of operations and financial condition. Prospective investors should read the following discussion, together with the whole of this document, including the section headed "Risk Factors" on page 9 of this document, Part IV (Financial Information on the Group) of this Prospectus and should not just rely on the key or summarised information contained in this Part III.

Unless otherwise stated, the financial information in this Part III has been extracted without material adjustment from Part IV (Financial Information on the Group) and includes information from both section A (Historical Financial Information on the Group) and section B (Unaudited Financial Information on the Group) of this Prospectus.

In this discussion and analysis, the 12 months ended 31 December 2019, 2020 and 2021 are referred to as 2019, 2020 and 2021. The period from the start of 2019 to the end of 2021 is referred to as the Historical Financial Period and the consolidated financial information of the Group covering this period is referred to as the Historical Financial Information. The six months ended 30 June 2022 are referred to as H1 2022 and the six months ended 30 June 2021 are referred to as H1 2021; together the "Interims". The Interims are unaudited, the Historical Financial Information is audited.

The financial information referenced in the following discussion and analysis has been rounded to the nearest euro, and percentage changes have been calculated based upon these rounded numbers and so may not conform exactly to the calculation based upon the underlying unrounded figures.

This Part III contains "forward-looking statements''. Those statements are subject to risks, uncertainties and other factors that could cause the Group's future results of operations or cash flows to differ materially from the results of operations or cash flows expressed or implied in such forward-looking statements. See Part IV (Presentation of Information) of this Prospectus for further information.

Income Statement

The following table summarises the Group's consolidated income statement for the Historical Financial Period and the Interims:

	Six months ended 30 June 2022 €	Six months ended 30 June 2021 €	Year ended 31 December 2021 €	Year ended 31 December 2020 €	Year ended 31 December 2019 €
Continuing operations					
Revenue	1,978,506	899,304	3,216,400	2,516,858	4,476,523
Cost of sales	(1,506,028)	(319,986)	(1,321,180)	(967,741)	(2,484,389)
Gross profit	472,478	579,318	1,895,220	1,549,117	1,992,134
Administrative expenses	(1,286,852)	(945,068)	(2,972,329)	(2,262,067)	(2,007,224)
Goodwill impairment	—	—	(142,474)	—	—
Other operating income	—	—	17,939	19,059	174,723
Other operating expenses	—	—	(441,502)	(7,637)	(50,324)
Operating profit/(loss)	(814,374)	(365,750)	(1,643,146)	(701,528)	109,309
Finance costs	(84,751)	(130,085)	(308,299)	(3,491,355)	(382,692)
Finance income	14,545	1,167,275	2,242,382	607,427	136,755
Other finance income	—	3,611,512	5,605,551	—	—
Profit/(loss) before income tax	(884,580)	4,282,952	5,896,488	(3,585,456)	(136,628)
Income tax	—	(436,228)	(436,914)	424,764	22,073
Profit/(loss) for the year	(884,580)	3,846,724	5,459,574	(3,160,692)	(114,555)

Revenue

The Group's main source of revenue for the Historical Financial Period was from the organisation of top-level chess events, commercial sponsorship (both in relation to events and the online platform), subscriptions to the online chess gaming platform, the sale of chess merchandise and running the World Chess Club in Moscow, the first in the chain of regional clubs and chess event spaces. Following the Russian invasion of Ukraine in early 2022, the Company took the decision to dispose of its Russian subsidiary including the World Chess Club in Moscow and other Russian operations. The disposal was completed on May 14, 2022.

The breakdown of revenue and gross profit between these activities can be seen here:

	Six months ended 30 June 2022 €	Six months ended 30 June 2021 €	Year ended 31 December 2021 €	Year ended 31 December 2020 €	Year ended 31 December 2019 €
Revenue					
Events	1,491,484	96,935	1,407,501	402,067	4,209,768
Online	193,445	525,930	905,174	1,802,870	89,951
Merchandise/Clubs	293,577	276,439	903,725	311,921	176,804
	1,978,506	**899,304**	**3,216,400**	**2,516,858**	**4,476,523**
Cost of goods sold					
Events	1,093,385	52,869	385,851	706,451	1,972,987
Online	201,577	100,027	559,403	85,595	47,303
Merchandise/Club	211,066	167,090	375,926	175,695	464,099
	1,506,028	**319,986**	1,321,180	**967,741**	**2,484,389**
Gross profit					
Events	398,099	44,066	1,021,650	(304,384)	2,236,781
Online	(8,132)	425,903	345,771	1,717,275	42,648
Merchandise/Club	82,511	109,349	527,799	136,226	(287,295)
	472,478	**579,318**	**1,895,220**	**1,549,117**	**1,992,134**
Gross margin					
Events	27%	45%	73%	(76)%	53%
Online	(4%)	81%	38%	95%	47%
Merchandise/Club	28%	40%	58%	44%	(162)%
	24%	**64%**	**59%**	**62%**	**45%**

Events

Over a two-year cycle a number of 'over the board' (i.e. in-person) events are held under the auspices of FIDE that lead to a World Championship match between the current world champion and a challenger. The Candidates tournament provides the challenger for the Championship match later the same year and in the preceding year Grand Prix events are held to provide participants for the Candidates tournament. In addition, World Chess hosts its own events such as Armageddon and other ad-hoc FIDE-rated events.

Covid-19 disrupted the flow of these events in 2019/2020 but the normal cycle of events will continue with the 2021/2022 cycle being condensed into 2022 and early 2023.

Six months to 30 June 2022	Grand prix events and Candidate tournament
Year to 31 December 2021	Completion of 2020 Candidates tournament and deferred 2020 Championship match
Year to 31 December 2020	2020 Candidates tournament (partial only – started and then postponed)
Year to 31 December 2019	Grand prix events for 2020 cycle and Armageddon series

The revenue arising from events is largely made up of sponsorship income and is supplemented by ticket and merchandise sales at the events and the sale of broadcasting rights.

During 2019 there were 9 active sponsors. Sponsorship amounts ranged between €10,000 to over €2,000,000 per sponsor with the main requirement placed on World Chess being to publicise the sponsors throughout the tournaments. In 2020 and 2021 the number of active sponsors decreased due to the impact of Covid-19 and the uncertainty around the timing of the events.

In 2019 Grand Prix events were held in Moscow, Riga, Hamburg and Jerusalem. In addition, the first Armageddon series (an online fast paced tournament), was run out of a studio in Moscow and broadcast on the main local sports TV channel.

The reduction in 2020 revenue compared to 2019 is a direct result of Covid-19 with 2020 having just one event, the Candidates tournament, which started and then was postponed. It was eventually completed in April 2021. Prior to the interruption from Covid-19, expectations for 2020 had been to exceed the level of revenue achieved in 2019 but as a result of the interruption and pandemic-related uncertainty, the sponsorship interest was lower for this event.

2021 revenue recovered but not to the levels seen in 2019. It represents the remaining income from the 2020 Candidates tournament, which was started and then postponed until 2021, as well as the World Championship match held in Dubai in November and December 2021. Neither of these events were run by World Chess directly, but sponsorship opportunities and partnership income still took place.

H1 2022 included two of the three Grand Prix events hosted by World Chess at its new World Chess Club in Berlin, with the other Grand Prix event taking place in Belgrade.

The Belgrade event and the Candidates tournament in June 2022 in Madrid were run by FIDE and not directly by World Chess, however sponsorship opportunities and partnership were still generated.

Disruption caused by Covid-19 and the closure of the World Chess Club in Moscow meant there were no additional World Chess "own" events in 2021 or H1 2022.

Ancillary revenue, included within the events total, coming from tickets sales, broadcasting and merchandise sales at the events typically range from between 5% and 20% of total revenue.

Outlook

The World Championship Match (venue yet to be confirmed for early 2023) will be run by FIDE. World Chess will henceforth mainly focus on running its own events (e.g. Armageddon) which will integrate the online and offline worlds to the benefit of the online product. Over time it is expected that while the events business will remain robust, it will be eclipsed by the online product.

Online platform

The online product was created in 2015 and mainly featured broadcasting services. In 2019, reflecting the Group's strategy to develop the online component, it was supplemented by the purchase of the 'FIDE Online Arena' platform. This has since been overhauled with the launch of a beta version of an updated platform built on a new technology stack in November 2020. Online revenue in 2019 represented the subscriptions for the online product and in 2020 this continued at a similar level to 2019 with the basic subscription being charged at €25 per year. 2020, however, was boosted by a major sponsorship arrangement for the online product with the sponsor providing and requiring the use of its blockchain technology for various features within the online product. By the end of 2020 there were 4,117 paid subscribers (and over 400,000 non-paying subscribers).

The revenue for 2021 included further sponsorship from the 2020 arrangement as well as a second sponsorship arrangement which runs through to the end of 2022.

By the end of June 2022 this had increased to 8,530 paying subscribers following a soft launch of the new platform in April 2021 and the number of registered users had increased to 567,881.

Outlook

The success of the online product will be driven by the features that the site offers – the unique feature being that the site is the only place to obtain a FIDE official online rating. In addition to the annual subscription, the site will also offer 'paid for' experiences including masterclasses with Grandmasters, broadcasting, and educational products. The annual subscription cost of €25 is to be gradually increased to €50, throughout 2023, with some further, higher cost, premium subscriptions. Attracting visitors to the website, converting them to annual subscribers and then retaining them will be the key drivers of this part of the business. It is expected that marketing programmes will evolve and will be boosted by the publicity whenever an event is held.

Merchandise and clubs

Chess merchandise, of our own proprietary design, is sold online and purchases come from both resellers (e.g. department stores, specialised chess stores and online) and the general public. There has been an increasing revenue trend since 2019 (2019: €70k, 2020: €199k, 2021: €588k) with 2020's growth coming despite, or arguably because of, the pandemic. The 2021 increase was driven by the availability of new products as well as improvements in distribution processes and increased online advertising. Revenues fell during H1 2022 due to increased international shipping costs and consequent impact on the supply chain.

The first club was established in Moscow in 2017 and has generated increasing revenues each year (2019: €107k, 2020: €113k, 2021 €243k). 2020 and 2021 revenue was effected by the pandemic which caused the club to be closed at times. Following the Russian invasion of Ukraine in early 2022, the Company took the decision to dispose of its Russian subsidiary including the World Chess Club in Moscow and other Russian operations. The disposal was completed on May 14, 2022.

In January 2022 the Group entered a lease on a site in Berlin to open the next World Chess Club. The venue also encompasses space to hold events with two of the three FIDE Grand Prix events being hosted there in early 2022.

Outlook

The World Chess Club in Berlin is expected to open later in 2022, which in addition to reducing World Chess's reliance on third party locations and construction costs for events, will at the same time allow World Chess to build long-term relations with local sponsors.

Cost of Sales and Gross Margin

The cost of sales for the events business are the costs of organising and running the events and includes the share of sponsorship monies with FIDE. There is an underlying cost relating to relevant staff in the business, but the majority of costs are closely linked to actual events. The margin from these events is targeted at >33%. The 2019 events were run above target margin due to the addition of our own format tournament (Armageddon) and 2020 was a loss with the suspension and postponement of the Candidates tournament and postponement of the Championship match. 2021 saw an improved margin of 73% arising from the two FIDE matches boosted by two significant sponsorship arrangements.

The online business has seen a fluctuating margin over the three years. In 2019 a relatively low margin was driven by the change in platform in 2019 and the associated costs with a relatively low number of subscribers. 2020 meanwhile was positively distorted by the significant sponsorship arrangement. In 2021 the online business was down at 38% again driven by heavy investment in the platform. Typically, in addition to the development costs, the main costs of sale includes the customer acquisition costs as well as the payment of royalties to FIDE.

2019 saw low merchandise sales and a low margin. In 2020, as revenues improved, merchandising operated on a 70% margin and that is expected to be increased by improving both production and distribution efficiencies. In 2021 this was realised with an increased margin of 74%.

In 2019 the World Chess Club in Moscow had low margins as it was still in its early stage of development. The club operated at a slight loss in 2020 due to the Covid-19 pandemic, without which a c. 30% margin was being planned for and new locations are not expected to differ.

In 2021 margins improved as the Covid-19 impact lessened but at 9% this is lower than would be expected under normal operating conditions. The new World Chess Club in Berlin is expected to open fully in H2 2022.

Outlook

With an increase in subscribers to the online platform, which will be triggered by a major marketing push following the listing, it is expected that margins will increase once a core level of subscribers is reached. This will also drive an increase in the margin for the overall business as the online business takes a greater share. Margins for the events and other business lines are expected to be relatively unchanged.

Administrative Expenses

Administrative expenses grew 12% between 2019 and 2020 and by a further 31% in 2021. The increases are a function of being a growing business, rather than a significant increase in process, but both 2020 and 2021 have significant one-off items (described below) that drive the increases.

	Six months ended 30 June 2022	**Six months ended 30 June 2021**	**Year ended 31 December 2021**	**Year ended 31 December 2020**	**Year ended 31 December 2019**
	€	**€**	**€**	**€**	**€**
People costs	7,380	**19,159**	53,066	44,062	178,916
IT costs	141,764	**193,286**	514,739	207,280	112,821
Marketing	199,698	**94,955**	293,671	32,560	479,404
Consulting	545,703	**274,356**	1,295,851	691,858	504,252
Accounting & Audit	53,360	**12,443**	104,865	56,156	72,596
Legal	290	**25,669**	125,379	86,391	438
Facilities & Office	44,669	**54,465**	174,691	54,655	71,062
Miscellaneous	302	**2,398**	78	687	257,435
Impairment, Amortisation, Depreciation (IAD)	280,003	**235,498**	356,367	324,053	335,133
Bank charges	50,863	**31,064**	58,694	22,550	25,355
Foreign exchange losses/(gains)	(37,180)	**875**	(5,072)	311,807	(30,188)
Bad debts	—	**0**	—	430,008	—
	1,286,852	**945,068**	**2,972,329**	**2,262,067**	**2,007,224**

People costs

People costs include the staff working on international projects as well as the staff running the Moscow club (prior to 14 May 2022). The reduction in 2020 was due to 13 staff leaving, six of whom, who were previously employed by the Group‘s Russian subsidiary, now provide consultancy services to Group companies outside Russia. The further reduction in H1 2022 followed the Groups divestment of it Russian operations including thew World Chess Club in Moscow.

The Group makes extensive use of consultants to maintain flexibility at this stage in its growth, however as the Group grows and its operations become more established it is intended to replace existing consultancy services with in-house staff and therefore people costs will increase significantly but there will be a corresponding fall in consulting costs. The combined people costs & consulting expense is expected to continue to increase from the 2020 level to accommodate the increase in activity.

IT costs

IT costs include the webhosting for the online platform, the element of software development that isn't capitalised and IT consumables used in the business.

The growth in 2020 was due to the level of development carried out on the new online platform. In 2021 the increase in IT costs was driven by an increase of €150k in the expensed element of the development of the online platform. The remainder of the increase being driven by additional costs from the enlarged and improved hosting capacity and the one-off consulting costs to set up the infrastructure to meet future demands. Costs associated with the enlarged hosting capacity remained consistent in H1 2022 but without the one of development and set up costs leading to a pro rates year on year reduction of 45%. Development of the online platform is expected to increase in H2 2022, and 2023 as new features are added to the platform following the listing.

Marketing

The marketing costs included in administrative expenses relate to the general World Chess marketing efforts and support (as opposed to items specifically tailored to events and the online product). 2020 was impacted in comparison to 2019 by the slowdown in activity caused by the pandemic. In 2021 marketing spendings increased by €260k to €293K due to the promotion of the newly launched online platform. Marketing activity continued to increase through H1 2022 with a *pro rata* year on year increase of 36% to €200k for the six-month period, marketing costs are expected to continue increasing in H2 2022 and 2023 as the Group continues to focus on growing the online platform user base following the listing.

Consulting

The Group makes extensive use of consultants to maintain flexibility at this stage in its growth across software development, office services, PR, advertising, sales, event management, IT, tax and finance. In the future this consulting support will shift to people costs as more staff are brought onboard.

In 2019, there was a one-off design cost of €128k for the Pentagram design as well as other event related designs.

In 2020 and 2021 there was €277k and €532k, respectively, of advisory fees in relation to an aborted AIM flotation and then the proposed main market listing in 2022.

Accounting and Audit

The Group uses an external provider for accounting services, currently Wisteria Limited (since late 2021) and previously Panton Accountancy Services Limited and before that, Hawksford UK Services Limited. Costs increased 87% in 2021 due to the increased scope and complexity of the Group as well as the additional accountancy services required in preparation for the planned listing.

The auditors are HW East Midlands Audit LLP ("Haines Watts").

Legal

Legal expenses in 2020 are increased compared to 2019 due to the splitting out of legal consulting cost previously included under the general consulting category. In 2021 there was an increase in legal costs mainly driven by the renegotiation of the online contract with FIDE.

Facilities and office

Until May 2022, the Group had an office (able to accommodate 20-25 people) within the World Chess Club premises in Moscow, the Group also occupies storage facilities h the UK and Germany.

In 2020 premises costs were reduced due to a negotiated deal with the landlord during the Covid-19 pandemic. Prior to 2022 the postage and packing costs associated with online merchandise sales were categorised as office costs, therefore as merchandise sales increased significantly in 2021 these costs increased as well. From H1 2022 these costs will be moved to a direct cost of the merchandise business.

In late 2021 the Group signed a 10-year lease on premises to house the Worlds Chess Club in Berlin, which includes office space.

Miscellaneous

2019 included a one-off amount of €250,000 pertaining to the tax charge for the competitors in relation to prizes for the 2018 World Championship match which were paid by World Chess.

Impairment, Amortisation, Depreciation (IAD)

This principally relates to the online platform with an increasing amortisation charge as the asset has increased each year.

Bank charges

In late 2021 the Group commenced converting its interest in crypto assets relating to the loan collateral into Euros and USD, the costs associated with these transactions are included in bank charges leading to the increase in 2021 and H1 2022. As at 30 June 2022 the Group had only a minimal interest in Crypto assets.

FX gains/losses

The Group has expenses mainly in Euros, Roubles, Pounds Sterling and US Dollars (USD). Revenue is earned mainly in Euros and USD; with some sponsorship revenue received in crypto assets. The Group's approach is to convert crypto assets to hard currency (Euros or USD) at the earliest opportunity, which is usually mandated in the sponsorship agreement and follows an agreed schedule limiting the amount to be exchanged in any one day.

The large FX loss that arose in 2020 was the result of the value of the crypto asset decreasing between the date the sponsorship contract was agreed and the dates on which the received amounts could be translated into hard currency.

Exchange gains on crypto assets are recorded in Other finance income.

Bad debt

The bad debt in 2020 related to the non-payment of sponsorship by one sponsor under a contract that was put in place 2018.

Outlook

We expect administrative expenses to continue to grow as the business continues to expand.

Goodwill impairment

Goodwill was created on the acquisition of World Chess RUS LLP ("WC Russia"), World Chess Digital Limited ("WC Digital (HK)") and World Chess US Inc. ("WC US"). The balances are tested for impairment annually and at the end of 2021 resulted in a full write down of the then remaining balance which related to WC Russia (disposed of in May 2022), and WC Digital (HK) put into liquidation in H1 2022.

Other operating income

This arises from ancillary revenue from 2021 and 2020 from some chess training activities. The larger balance in 2019 arose from a one-off advertising exercise.

Other operating expense

The large balance in 2021 was due to the write-off of an asset in course of construction in relation to the development of part of the online product. As part of a 2020 sponsorship arrangement there was an agreement to use specific developers to develop blockchain technology features for the platform. By 2022 it became apparent that the developers were unable to continue with the development and the work completed to date would not be able to be put into use and as a result was written off.

Finance costs

Details of the Group's borrowings can be seen in paragraph 10 of Part I of this prospectus. Interest on these loans was €84k in H1 2022, €308k in 2021, €291k in 2020 and €383k in 2019.

In 2020 Prytek Investment Holdings PTE Ltd ("Prytek") were provided with the opportunity to acquire 7,731 shares at par, as part of an agreement to offset the repayment of a loan, previously provided by Prytek, with a sponsorship agreement. At 31 December 2020 the fair value of the incentive (€3.2m) was included in finance costs and also in other creditors due in less than one year. In 2021 World Chess PLC triggered a clause in the agreement between the two parties to cancel the share incentive and incur a penalty of €3.2m. This penalty was settled in full by the end of May 2021.

Finance income

Under the terms of a loan agreement the Group received interest on the loan collateral lodged with the lender by Algorand Caymen SEZX in the crypto asset Algo. The interest was calculated in reference to the Algo which appreciated significantly compared to the Euro in 2021 resulting in interest of €2.2m in 2021 compares to €607k in 2020 and €120k in 2019.

The loan was fully repaid and collateral returned in Q1 2022.

In consideration for providing the 33m Algo collateral, the Company granted an option to Algorand Cayman SEZX to purchase 2,224 ordinary shares (representing approximately 4% of the Company's issued share capital). In February 2021 the option was exercised and World Chess Plc issued 2,474 shares to Algorand Cayman SEZX, the number of shares issued being increased by mutual agreement, in exchange for $2.4m.

Other finance income

In addition to the loan collateral interest included in finance income the Group received two other sources of income related to its interest in crypto assets in 2021;

The first related to a large sponsorship amount paid in crypto assets, being 3.6m Algo, which were valued at €1.5m when received in February 2021, but due to the appreciation in the value of Algo in Euros subsequently translated into €3.6m in April 2021, giving a gain of €2.1m.

The second, being an exchange gain of €3.4m, related to the gains on the actual interest received on the loan collateral lodged by Algorand Cayman SEZX received in Algo, which appreciated in value prior to be translated into Euros.

The value of the Algo increased 600% from Algo/€0.27 in January 2021 to Algo/€1.46 in December 2021, peaking at Algo/€1.6 in November 2021. Algo weakened in H1 2022 reaching a price of €0.34 at 31 June 2022.

At 31 December 2021 the Group held 1.8m Algo, which were included in the balance sheet at that date at their then value, with an offsetting provision to account for the rates actually achieved in early 2022 when they were converted to Euros, United States Dollars. The ongoing exposure to the Algo is now minimal and at 30 June 2022 there were only c €50,000 of remaining Algo valued at current values.

Key factors/Recent developments

A key factor underpinning both the online business and also the events business is the deep and long-standing relationship the Group has with FIDE. Out of this has come two contracts; the events contract and the online contract. The events contract runs until the end of 2022, with the priority right to extend by 5 years. This gives World Chess the right to organise the key FIDE chess events within its 2-year World Championship cycle.

The online contract runs until August 2026 and gives World Chess the unique right to be the sole provider of official online ratings and titles recognized by FIDE. As a result, while there are already several well-established competitors in the online chess gaming space, the addition of this feature is expected to be a significant point of difference attracting and converting new users.

The recent development of the Armageddon series (quick-fire chess matches perfectly suited for TV broadcasting) and other World Chess run events will be used to link the offline and online ecosystems each feeding off the other's success.

While the current profitability of the business has largely been dependent on attracting sponsors for events, the long-term success of the Group will be driven by the success of the online platform with a solid and increasing base of subscribers. In time this line of business will far eclipse the events and ancillary businesses (merchandise and clubs) which will act as marketing conduits for the online platform.

As a result, the development of a market leading online platform is a critical factor. World Chess owns the rights to the recently developed platform and have a schedule of developments including: the addition of new more engaging tournament formats, localization for national markets, widgets and other solutions for third-party website integrations to continue to enhance the offering. Ongoing development of the platform will continue, but the incremental costs for adding new users will be negligible.

The online business will be the subject of a major marketing programme which will be focussed on reaching the 600m chess players worldwide. It will also feed off the major events in the FIDE World Championship cycle which attract significant publicity.

The complementary product offerings of merchandising and clubs will continue with the later expanding from single location currently to 3 clubs during the next three years. The expectation is that they will be profitable in their own right, but they will also be part of the integrated environment that World Chess is developing each part feeding off each other.

In addition to the platform development and marketing, the other critical factor in the growth of the business is the attraction and retention of talent.

Principal risks

See the section headed "Risk Factors" on page 9 of this document.

The Group runs foreign exchange risk within its operations.

Group companies receive payments and incur expenses denominated in Euros, United States Dollars, Pound Sterling as well as certain crypto assets, creating a risk that exchange rate movements will reduce the value of assets and increase the extent of liabilities in differed currency or asset class pairs. Where possible the Group seeks to internally hedge by matching assets and liabilities across Group companies in the same currency or asset class. Where this is not possible assets are held in the currency or asset class which is likely to be the most stable, typically Euros.

Cash flows

The following table summarises the Group's net cash flows for the Historical Financial Period.

	Six months ended 30 June 2022 €	Six months ended 30 June 2021 €	Year ended 31 December 2021 €	Year ended 31 December 2020 €	Year ended 31 December 2019 €
Cash flows from operating activities					
Profit /(loss) before income tax	(814,374)	4,282,952	5,896,488	(385,453)	(136,628)
Adjusted for:					
Depreciation charges	278,385	235,498	396,425	333,181	313,658
Goodwill impairment	—	—	142,474	—	—
Other reserves	—	—	33,263	35,802	(8,290)
Finance costs	84,751	130,085	308,299	291,355	382,692
Finance income	(14,545)	(1,167,275)	(2,242,405)	(607,427)	(136,755)
Operating cash flows before movements in working capital	**(465,783)**	**3,481,260**	**4,534,544**	**(332,542)**	**414,677**
(Increase)/decrease in inventories	57,848	(14,366)	(159,795)	23,809	37,690
(Increase)/decrease in trade and other receivables	2,522,231	(3,401,256)	(2,297,200)	(533,335)	672,360
Increase/(decrease) in trade and other payables	(2,295,039)	(2,875,824)	(284,938)	963,269	1,158,791
Net cash generated from/(used in) operations	**(180,743)**	**(3,401,256)**	**1,792,611**	**121,201**	**2,283,518**
Interest paid	(84,751)	(130,085)	(308,299)	(291,355)	(382,692)
Income taxes paid	(20,875)	(3,160)	—	(2,422)	(3,484)
Net cash from/(used in) operating activities	**(286,369)**	**(3,534,501)**	**1,484,312**	**(172,576)**	**1,897,342**
Cash flows from investing activities					
Purchase of intangible fixed assets	(176,717)	(307,720)	(691,285)	(389,827)	(440,056)
Purchase of tangible fixed assets	(1,493,040)	—	(91,966)	—	(35,751)
Purchase of Goodwill	—	—	—	—	(160,999)
Sale of tangible fixed assets	—	—		42,648	—
Sale of fixed asset investments	—	—	—	165,363	
Interest received	14,545	—	—	—	136,755
Net cash used in investing activities	**(1,655,212)**	**(307,720)**	**(783,251)**	**(181,816)**	**(500,051)**
Cash flows from financing activities	—	—	—	—	—
New loans taken in year	—	893,646	—	46,987	4,635,481
New share issue	999,999	1,970,809	1,970,822	—	—
Collateral rewards received	—	1,167,275	2,242,382	607,427	—
Cancellation of share options	—	—	(3,200,000)		—
Loan repayments in year	(1,342,706)	(18,037	(677,378)	(628,131)	(5,142,662)
New leases taken in year	1,425,802	—	—	—	(57,644)
Payment of lease liabilities	—	(2,239)	(50,352)	(136,432)	(41,863)
Amount introduced by directors	4,641	—	—	126,029	38,151
Amount withdrawn by directors	(1,523)	(111.993)	—	(14,035)	(3,244)
Net cash from/(used in) financing activities	**1,083,095**	**3,899,461**	**285,474**	**1,845**	**(571,781)**
Net increase/(decrease) in cash and cash equivalents	**(858,486)**	**57,240**	**986,535**	**(352,547)**	**825,510**
Cash and cash equivalents at beginning of period	**1,520,599**	**521,327**	**521,327**	**1,011,334**	**185,824**
Exchange differences on cash and cash equivalents	(69,553)	(6,761)	12,737	(137,460)	
Cash and cash equivalents at end of year	**592,561**	**585,328**	**1,520,599**	**521,327**	**1,011,334**

Cash used in / generated from operating activities

In 2019 the business generated €1.9m from its operating activities and in 2020 it used €173k as the effects of Covid-19 reduced revenue generating opportunities. In 2021 the business activities increased and cash generated from operations increased to c.€1.5m, although this included cash received relating to the significant appreciation in the value of crypto assets.

The significant variances year on year are driven by the cycle of events, the impact of the pandemic and the development of the business. 2019 was a relatively "normal" year with cash generated principally from sponsorship outstripping the cost of events and administrative costs. 2020 was significantly affected by Covid-19 and as a result there was a small cash outflow from operations. 2021 and H1 2022 saw more activity as the pandemic eased, but neither the number of events nor the sponsorship opportunities had yet returned to the level of activity seen in 2019. As the Group increases its focus on the development of the online platform in H2 2022 and 2023 the Group expects to use further cash in developing the platform and growing the user base.

Cash used in investing activities

Fixed assets acquired in 2019 related to the office and club in Moscow (discontinued in May 2022) with a significantly larger spend on the online platform included in intangible assets. This continued in 2020 at slightly lower levels but increased again in 2021 as the new platform was launched. In 2021 there were further tangible fixed assets acquired in relation to the new venue in Berlin, which continued through H1 2022 as the club became operational.

Cash used in / generated from financing activities

The business restructured its lending arrangements in 2019 with a net increase in loans of €0.5m. In 2020, the business received collateral interest connected to the new financing arrangement which was used to reduce the outstanding loans by c.€630k. In 2021 the collateral rewards increased significantly as the crypto currency that the rewards were received in appreciated dramatically against the euro. The Company also made a share issue connected to the collateral supporting the new financing arrangement which generated nearly €2m. (See section IV for full details of amounts and terms.)

With the rewards and the proceeds of the share issue the Company bought out €3.2m of options that had been granted as part of the previous financing arrangement and also reduced lending by a further c.€675k

The outstanding Genesis loans were repaid in January 2022. In October 2022 the Group secured a €1m loan, convertible at the Subscription Price. No further borrowing is anticipated either before or following the listing.

Balance Sheet

The following table summarises the Group's balance sheet for the Historical Financial Period:

	As at 30 June 2022 €	As at 31 December 2021 €	As at 31 December 2020 €	As at 31 December 2019 €
Non-current assets				
Goodwill	—	—	142,474	142,474
Intangible assets	2,349,082	2,381,445	2,030,192	1,919,592
Property, plant and equipment ("PPE")	246,635	126,809	70,701	95,759
Right-of-use property plant and equipment	1,355,943	22,034	56,832	190,777
Loans and other financial assets	—	—	—	6,100
Trade and other receivables	—	—	585,379	9,341
Deferred tax	—	15,733	451,098	27,757
	3,951,660	**2,546,021**	**3,336,676**	**2,391,800**
Current assets				
Inventories	160,545	218,393	58,598	82,407
Trade and other receivables	650,184	3,362,514	479,935	522,638
Tax receivable	28,875	—	—	123
Investments	—	—	—	159,263
Cash and cash equivalents	592,561	1,520,599	521,327	1,011,334
	1,424,165	**5,101,506**	**1,059,860**	**1,775,765**
Total assets	**5,375,825**	**7,647,527**	**4,396,536**	**4,167,565**
Current liabilities				
Trade and other payables	1,175,800	3,576,465	5,749,387	1,427,136
Financial liabilities – interest bearing loans	98,491	1,349,908	70,185	717,838
Income tax payable	—	—	—	3,966
	1,274,291	**4,926,373**	**5,819,572**	**2,148,940**
Non-current liabilities				
Financial liabilities – interest bearing loans	1,410,766	76,253	2,083,706	2,400,477
Total liabilities	**2,685,057**	**5,002,626**	**7,903,278**	**4,549,417**
Net assets/liabilities	**2,690,768**	**2,644,901**	**(3,506,742)**	**(381,852)**
Equity attributable to owners of the parent				
Share capital	68,260	66,996	64,219	64,219
Share premium	6,518,849	5,520,114	3,552,069	3,552,069
Translation reserve	16,175	85,728	52,465	16,663
Retained earnings	(3,912,516)	(3,027,937)	(7,175,495)	(4,014,803)
Total equity attributable to owners of the parent	**2,690,768**	**2,664,901**	**(3,506,742)**	**(381,852)**

Assets

Non-current assets

Goodwill was created on the acquisition of WC Russia, WC Digital (HK) and WC US. The balances are tested for impairment annually and at the end of 2021 resulted in a full write down of the then remaining balance which related to WC Russia (disposed of in May 2022), and WC Digital (HK) put into liquidation in H1 2022.

The intangible assets are software development in relation to the website and online platform. The amounts are amortised over 7 years to coincide with the FIDE online contract.

The increase in 2021 is driven by expenditure on ongoing development of the online platform. Development work slowed in H1 2022, but further work is planned for H2 2022 and 2023.

Expenditure on intangibles has historically been between c.€400k and c.€700k per annum over the three-year period and it is expected that expenditure will tend towards the upper end of the range, or even higher, going forward as more development of the online platform takes place.

The PPE amounts relate to office equipment and fixtures and fittings in the club in Moscow. The right of use PPE asset relates to the leasehold on the office and club in Moscow. In 2021 the increase was driven by fit out costs for the new Berlin venue to be opened in 2022. Additional expenditure on PPE will arise as further chess clubs and offices are opened. The Moscow venue was disposed of as part of disposing of the Russian entity in May 2022.

The trade and other receivable balance in 2020 was increased by the interest receivable on the collateral posted to secure a loan. The amount was ultimately realised on repayment of the collateral at the time the loan was repaid in January 2022. At 31 December 2021 the amount (which had increased to €2,665k) was included in current assets.

The deferred tax balance is an asset relating to the future use of taxable losses incurred to date in the business to offset future taxable profits. The calculation takes into account the ability of the Group to generate those profits in the future. The deferred tax balance has been nearly fully extinguished during the period to reflect the usage of losses to cover profits in the period.

Current assets

Inventory relates to chess merchandise as well as bar inventory held at the club in Moscow (prior to May 2022). While balances declined during 2020 due to the Covid-19 pandemic, 2021 has seen an increase as new inventory lines have been introduced due to the increased demand. Going forward, it should be expected that variance will occur as bulk purchases of chess merchandise are made.

Trade and other receivables are typically made up of pre-paid costs relating to events to be held in the future. The Group did not have any trade receivables at the end of 2020 as online subscriptions are paid on inception and all event sponsorship due had been fully received. At 31 December 2021 the balance included €2,665k relating to the interest receivable on the collateral provided to support our loans. This amount was realised in January 2022 when the loans were repaid, and the collateral returned. The 2021 balance also included over €300k in payments due from FIDE which were settled in early 2022.

Cash is held in the operating currencies of the business and includes certain crypto assets, which can be readily converted to cash at a discernible market price, relating to a sponsorship arrangement. The balance reduced by c. €500k between 2019 and 2020 mainly because of the timing of receipts in 2019 leaving a large balance at year end but was then boosted by end of 2021 by a share subscription during the year and the realised gains when certain crypto assets were exchanged for Euros or USD.

Liabilities

Current liabilities consist of trade & other payables, accrued expenses, deferred income and the current portion of long-term borrowings.

Included in 2020 is €3.2m related to a provision made for the fair value of shares to be granted under an option. See previous discussion under Finance Costs. That amount was paid in 2021, causing the reduction in liabilities at the end of 2021.

Deferred income was just over €2m in 2020 which represents event income received and deferred until the events take place, The balance is higher in 2020 due to a number of events having been deferred in the year due to Covid-19. This increased to €2.5m in 2021 due to more sponsorship receipts for future events.

The 2021 deferred income includes a provision of €733k to account for the actual rates achieved in converting the collateral interest receivable balance compared to the year-end rate.

A fuller discussion on borrowings follows below.

The borrowings in 2021 of c. €1.35m are a reduction from 2020's balance of just over €2m which was in turn a reduction from over €2.5m in 2019. The main loan tranches are all with GGC International Ltd under a master loan agreement taken out on 22 November 2019 are:

Inception	Maturity	Currency	Amount	Interest rate
08/12/2019	01/05/2022	USDC	2,500,000	11.5%
28/05/2021	15/03/2022	USDC	400,000	14%
28/06/2021	15/04/2022	USDC	600,000	14%
30/07/2021	15/03/2022	USDC	200,000	14%

The master loan agreement was for an initial term of 1 year with automatic continuation for further period of 1 year unless either party gives 10 days' notice before the end of the current year.

The loans were taken out in USD Coin ("USDC") a crypto currency linked to the US Dollar. No balances are retained in USDC as on drawdown funds are immediately converted into USD.

The loans were supported by collateral of Algos 33m posted by Algorand Caymen SEZX. The collateral requirements are for 175% of the loan amount with a margin limit of 150% below which more collateral would be required. The value of the collateral at 31 December 2021 was c. €14m. The loans were repaid in full, and the collateral returned in H1 2022.

Under the Collateral arrangement, World Chess gave the provider options in World Chess which were exercised in early 2021. In compensation for the options World Chess are allowed to retain the interest receivable on the collateral during the time the collateral is posted.

There is also a small loan of c. €50k taken out by WC US with a business partner.

Contingent Liabilities

As referred to in Part IV 'Financial Information', the Group has an ongoing legal dispute with an advertising company seeking payment for services that were not delivered in accordance with a contract. The Directors have considered legal counsels view and deem that the invoice is not payable. If this proves not to be the case then the invoice, amounting to €1,140,000, will become payable. There have been no further developments with this matter since 2019.

Contractual Obligations and Commitments

The Group has no major contractual obligations other than:

FIDE events contract
FIDE online contract

These are discussed more fully in Part IV.

Capital commitments are modest and are driven mainly by the ongoing requirement to keep the online platform current to attract and retain subscribers.

Post Balance Sheet Events

In September 2022 the Company entered into a loan agreement with Breakthrough Initiatives Limited for €1m which was drawn down in full, the loan bears interest at 8% per annum for a five-year term convertible at the price on listing.

The Group plans to list on the London Stock Exchange Main Market, standard section. Details of the Offering are in Part VI.

Liquidity discussion

Liquidity of the Group is currently maintained through ad-hoc fund raising and the ongoing support of the majority shareholder.

With the funds raised from the listing and the growth of the online business it is anticipated that no bank loan facilities will be required.

The nature of the online business means that annual subscription is received at the time that a subscriber obtains access and as a result will mean that working capital requirements will be negligible.

The events business is similarly light on working capital needs as sponsorship monies are generally received well in advance of events and therefore there are funds available to cover the associated costs.

The only area of the business with a working capital need is merchandising and clubs where a relatively low level of inventory will need to be maintained. This is not expected to differ widely from the range seen in the Historical Financial Information of c. €50k to c. €250k.

The growth in activities (principally the acquisition of a larger online subscription base) will be driven by further investment in the online platform and a major marketing programme, both of these activities will be funded from the proceeds of the listing.

PART IV

FINANCIAL INFORMATION

The financial information in this Part IV comprises the annual report and accounts of the Group for the years ended 31 December 2019, 31 December 2020 and 31 December 2021 together with the audit report on them and the unaudited interim financial statements of the Group for the six months ended 30 June 2022.

HW East Midlands Audit LLP, of Woburn Court, 2 Railton Rd, Kempston, Bedfordshire, MK42 7PN, statutory auditors to the Company, has given its consent for:

1. the inclusion of their statutory audit reports issued with respect to the Group Financial Information covering the three years to 31 December 2021 included in this Part IV "Financial Information of the Group" of the Document; and

2. the inclusion of their name,

in the form and context in which it they are included in the Prospectus.

Their consent and authorisation is provided as required by item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation.

HW East Midlands Audit LLP has no material interest in the Company.

WORLD CHESS PLC

Incorporated in England and Wales with Registered Number: 10589323

REPORT OF THE DIRECTORS AND UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1ST JANUARY 2022 TO 30TH JUNE 2022

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1ST JANUARY 2022 TO 30TH JUNE 2022

COMPANY INFORMATION

FOR THE PERIOD 1ST JANUARY 2022 TO 30TH JUNE 2022

DIRECTORS:	I Merenzon M Shekhovtsov J R Firestone
SECRETARY:	MSP Corporate Services Limited
REGISTERED OFFICE:	Eastcastle House 27/28 Eastcastle Street London W1W 8DH
REGISTERED NUMBER:	10589323 (England and Wales)
ACCOUNTANTS:	HW East Midlands Audit LLP Statutory Auditors Woburn Court, 2 Railton Rd Woburn Road Ind Est Kempston Bedfordshire MK42 7PN

REPORT OF THE DIRECTORS

FOR THE PERIOD 1ST JANUARY 2022 TO 30TH JUNE 2022

The directors present their report with the financial statements of the company and the group for the period 1st January 2022 to 30th June 2022.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st January 2022 to the date of this report.

I Merenzon
M Shekhovtsov
J R Firestone

Other changes in directors holding office are as follows:

Ms E Chalykh – resigned 13th April 2022

ON BEHALF OF THE BOARD:

....
I Merenzon – Director

....
Date:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD 1ST JANUARY 2022 TO 30TH JUNE 2022

	Notes	Period 1/1/22 to 30/6/22 €	Period 1/1/21 to 30/6/21 €
CONTINUING OPERATIONS			
Revenue		1,978,506	899,304
Cost of sales		(1,506,028)	(319,986)
GROSS PROFIT		472,478	579,318
Other operating income		—	3,611,512
Administrative expenses		(1,286,852)	(945,068)
OPERATING (LOSS)/PROFIT		(814,347)	3,245,762
Finance costs	4	(84,751)	(130,085)
Finance income	4	14,545	1,167,275
(LOSS)/PROFIT BEFORE INCOME TAX	5	(884,580)	4,282,952
Income tax	6	—	(436,228)
(LOSS)/PROFIT FOR THE PERIOD		(884,580)	3,846,724
OTHER COMPREHENSIVE INCOME		—	—
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(884,580)	3,846,724
(Loss)/profit attributable to:			
Owners of the parent		(884,580)	3,846,724
Total comprehensive income attributable to:			
Owners of the parent		(884,580)	3,846,724

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30TH JUNE 2022

	Notes	30/6/22 €	31/12/21 €
ASSETS			
NON-CURRENT ASSETS			
Owned			
Intangible assets	8	2,349,082	2,381,445
Property, plant and equipment	9	246,635	126,809
Right-of-use			
Property, plant and equipment	9,18	1,355,943	22,034
Investments	10	—	—
Deferred tax	19	—	15,733
		3,951,660	2,546,021
CURRENT ASSETS			
Inventories	11	160,545	218,393
Trade and other receivables	12	650,184	3,362,514
Tax receivable		20,875	—
Cash and cash equivalents	13	592,561	1,520,599
		1,424,165	5,101,506
TOTAL ASSETS		5,375,825	7,647,527
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	14	68,260	66,996
Share premium	15	6,518,849	5,520,114
Translation reserve	15	16,175	85,027,987
Retained earnings	15	(3,912,516)	(4,640,787)
TOTAL EQUITY		2,690,768	2,644,901
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities – borrowings			
Interest bearing loans and borrowings	17	1,410,766	76,253
CURRENT LIABILITIES			
Trade and other payables	16	1,175,800	3,576,465
Financial liabilities – borrowings			
Interest bearing loans and borrowings	17	98,491	1,349,908
		1,274,291	4,926,373
TOTAL LIABILITIES		2,685,057	5,002,626
TOTAL EQUITY AND LIABILITIES		5,375,825	7,647,527

The notes form part of these financial statements

The company and the group are entitled to exemption from audit under Section 477 of the Companies Act 2006 for the period ended 30th June 2022.

The members have not required the company and the group to obtain an audit of its financial statements for the period ended 30th June 2022 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

(a) ensuring that the group keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and

(b) preparing financial statements which give a true and fair view of the state of affairs of the company and the group as at the end of each financial year and of the group's profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company and the group.

The financial statements were approved by the Board of Directors and authorised for issue on .... and were signed on its behalf by:

....
I Merenzon – Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD 1ST JANUARY 2022 TO 30TH JUNE 2022

	Called up share capital €	Retained earnings €	Share premium €	Translation reserve €	Total equity €
Balance as at 1st January 2021	64,219	(7,175,495)	3,552,069	52,465	(3,506,742)
Prior year adjustment	—	(1,312,016)	—	—	(1,312,016)
Balance at 1st January 2021 (as restated)	64,219	(8,487,511)	3,552,069	52,465	(4,818,758)
Changes in equity					
Shares issued during the year	2,777	—	1,968,032	—	1,970,822
Total comprehensive income	—	3,846,724	—	(4,969)	3,841,755
Balance at 30th June 2021	66,996	(4,640,787)	5,520,114	47,496	993,819
Changes in equity					
Total comprehensive income	—	1,612,850	—	38,232	1,651,082
Balance at 31st December 2021	66,996	(3,027,937)	5,520,114	85,728	2,644,901
Changes in equity					
Shares issued during the year	1,264	—	998,736	—	1,000,000
Total comprehensive income	—	(884,580)	—	(69,554)	(954,133)
Balance at 30th June 2022	68,260	(3,912,517)	6,518,850	16,174	2,690,768

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD 1ST JANUARY 2022 TO 30TH JUNE 2022

	Notes	Period 1/1/22 to 30/6/22 €	Period 1/1/21 to 30/6/21 €
Cash flows from operating activities			
Cash generated from operations	1	(180,743)	(1,862,273)
Interest paid		(84,751)	(130,085)
Tax paid		(20,875)	(2,212)
Net cash used in operating activities		(286,369)	(1,994,570)
Cash flows from investing activities			
Purchase of intangible fixed assets		(176,717)	(707,547)
Purchase of tangible fixed assets		(1,493,040)	—
Interest received		14,545	1,167,275
Net cash (used in)/generated from investing activities		(1,655,212)	459,728
Cash flows from financing activities			
New loans in year		—	1,000,000
Loan repayments in year		(1,342,706)	(452,756)
Payment of lease liabilities		—	(54,517)
New lease liabilities		1,425,802	—
Amount introduced by directors		4,641	1
Amount withdrawn by directors		(1,523)	—
Share issued		999,999	1,970,809
Net cash from financing activities		1,083,095	2,463,537
		(858,486)	928,695
Cash and cash equivalents at beginning of period	2	1,520,599	112,284
Effect of foreign exchange rate changes		(69,553)	(23,000)
Cash and cash equivalents at end of period	2	592,561	585,328

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS THE PERIOD 1ST JANUARY 2022 TO 30TH JUNE 2022

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	Period 1/1/22 to 30/6/22 €	Period 1/1/21 to 30/6/21 €
(Loss)/profit before income tax	(814,374)	4,282,952
Depreciation charges	278,385	483,739
Deferred tax	—	(396,256)
Loss for the period July – December 2021/2020	—	(2,256,558)
Finance costs	84,751	130,085
Finance income	(14,545)	(1,167,275)
	(465,783)	1,076,687
(Increase)/decrease in inventories	57,848	38,587
Decrease/(increase) in trade and other receivables	2,522,231	(3,412,608)
(Decrease)/increase in trade and other payables	(2,295,039)	435,061
Cash generated from operations	(180,743)	(1,862,273)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

	Consolidated 2022 €	Consolidated 2021 €
Period ended 30th June 2022	**30/06/22**	**30/06/21**
Cash and cash equivalents	592,561	585,328
Period ended 30th June 2021	**31/12/21**	**31/12/20**
Cash and cash equivalents	1,520,599	1,011,334

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1ST JANUARY 2022 TO 30TH JUNE 2022

1. STATUTORY INFORMATION

World Chess PLC is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with UK-adopted international accounting standards and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each period. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of dying the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Intra-group balances and transactions are eliminated on consolidation. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as gains, but only to the extent that there is no evidence of impairment.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results ultimately may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The material areas in which estimates and judgements are applied as follows:

– Goodwill and other intangible assets impairment

The Group is required to test, on an annual basis, whether goodwill and other intangible assets have suffered any impairment. Determining whether there has been any impairment requires an estimation of the fair value in use of the cash-generating units. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

– Crypto currency valuation

The Group does not trade in crypto currency and as such does not recognise crypto assets as inventory. The Group has the objective of converting crypto currencies into cash, predominately US Dollars or Euros at the earliest opportunity available. The crypto assets are shown within cash and cash equivalents on the balance sheet date converted at the spot rate prevailing at that date.

– Legal proceedings provisions

Provisions for legal proceedings are recognised as other expenses when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be measured reliably. At the balance sheet date there is an ongoing claim with one supplier. See note 21.

Revenue recognition

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measures. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

— The Company has transferred the significant risks and rewards of ownership to the buyer;

— The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

— The amount of turnover can be measured reliably; It is probable that the Company will receive the consideration due under the transaction; and

— The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

— The amount of turnover can be measured reliably;

— It is probable the company will receive the consideration due under the contract;

— The stage of completion of the contract at the end of the reporting period can be measured reliably; and

— The costs incurred and the costs to complete the contract can be measured reliably.

Sponsorship income

Turnover is recognised in the period to which the sponsorship relates. Any sponsorship income received in advance of tournaments is deferred and included in accruals and deferred income.

Promotion income

Turnover is recognised over the period contracted for. Any income received/receivable in crypto-currency is converted at the spot rate at the prevailing date that the risk and reward has passed to the company. Where the exchange rate of the crypto-currency has a guaranteed minimum floor price, a debtor is recognised for any short-fall.

Online income

Turnover from online subscriptions is recognized monthly during the subscription period of one year.

Interest receivable

The Group was entitled to the interest receivable on collateral provided by a partner to secure a loan. The interest receivable was in exchange for share options provided to the partner. The share options were exercised shortly after the year end.

Cash and cash equivalents

Cash represents cash in hand and deposits held on demand with financial institutions. Cash equivalents are short-term, highly-liquid investments with original maturities of three months or less (as at their date of acquisition). Cash equivalents are readily convertible to known amounts of cash and subject to an insignificant risk of change in that cash value.

In the presentation of the Statement of Cash Flows, cash and cash equivalents also include bank overdrafts. Any such overdrafts are shown within borrowings under 'current liabilities' on the Statement of Financial Position.

Goodwill

Goodwill is recorded as an intangible asset and is the surplus of the cost of acquisition over the fair value of identifiable net assets acquired. Goodwill is reviewed annually for impairment. Any impairment identified as a result of the review is charged in the statement of profit or loss and other comprehensive income.

Other intangible fixed assets

The Group have exclusive rights to organise and host world chess events in association with The World Chess Federation (FIDE). The Group also has developed and capitalised website costs. Both these assets are amortised over a straight line period over the useful life of the agreement held with FIDE until 2027.

During 2020 the Group also capitalised a licence which is amortised over its useful life of 5 years.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	—	Straight line over 5 years
Computer equipment	—	Straight line over 3 years

Financial instruments

The Group does not have financial liabilities that would be classified as fair value through the profit or loss. Therefore, all financial liabilities are classified as other financial liabilities.

The Group's financial liabilities include borrowings, trade and other payables and are recognised at their original amount.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Leases

Leases are recognised as finance leases. The lease liability is initially recognised at the present value of the lease payments which have not yet been made and subsequently measured under the amortised cost method. The initial cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, lease payments made prior to the lease commencement date, initial direct costs and the estimated costs of removing or dismantling the underlying asset per the conditions of the contract.

Where ownership of the right-of-use asset transfers to the lessee at the end of the lease term, the right-of-use asset is depreciated over the asset's remaining useful life. If ownership of the right-of-use asset does not transfer to the lessee at the end of the lease term, depreciation is charged over the shorter of the useful life of the right-of-use asset and the lease term.

3. EMPLOYEES AND DIRECTORS

	Period 1/1/22 to 30/6/22 €	Period 1/1/21 to 30/6/21 €
Wages and salaries	—	6,400

The average number of employees during the period was as follows:

	Period 1/1/22 to 30/6/22	Period 1/1/21 to 30/6/21
Staff	1	11

	Period 1/1/22 to 30/6/22	Period 1/1/21 to 30/6/21
Directors' remuneration	—	—

The Directors received consultancy fees in relation to services provided to the Group totalling €110,970 during the six months ended 30 June 2022.

4. NET FINANCE COSTS

	Period 1/1/22 to 30/6/22 €	Period 1/1/21 to 30/6/21 €
Finance income:		
Loan interest received	521	—
Other interest receivable	14,024	1,167,275
	14,545	1,167,275
Finance costs:		
Other loan interest	84,751	130,085
Net finance costs	70,206	(1,037,190)

5. (LOSS)/PROFIT BEFORE INCOME TAX

The loss before income tax (2021 – profit before income tax) is stated after charging/(crediting):

	Period 1/1/22 to 30/6/22 €	Period 1/1/21 to 30/6/21 €
Cost of inventories recognised as expense	1,471,760	319,986
Depreciation – owned assets	4,587	23,847
Depreciation – assets on finance leases	64,448	92,847
Exclusive FIDE rights amortisation	55,264	110,469
Licence amortisation	11,500	13,500
Computer software amortisation	142,316	243,076
Foreign exchange differences	(37,180)	(3,580,194)

6. INCOME TAX

Analysis of tax expense

	Period 1/1/22 to 30/6/22 €	Period 1/1/21 to 30/6/21 €
Current tax:		
Corporation tax	—	2,212
Deferred tax	—	434,016
Total tax expense in consolidated statement of profit or loss and other comprehensive income	—	436,228

7. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was €8,452 (2021 – €2,009,961).

8. INTANGIBLE ASSETS

Group

	Exclusive FIDE rights €	Licence €	Computer Software €	Totals €
COST				
At 1st January 2022	1,105,291	115,000	2,307,573	3,527,864
Additions	—	—	176,717	176,717
At 30th June 2022	1,105,291	115,000	2,484,290	3,704,581
AMORTISATION				
At 1st January 2022	552,645	10,000	583,773	1,146,418
Amortisation for period	55,264	11,500	142,316	209,080
At 30th June 2022	607,909	21,500	726,089	1,355,498
NETBOOK VALUE				
At 30th June 2022	497,382	93,500	1,758,201	2,349,083
At 31st December 2021	552,646	105,000	1,723,799	2,381,445

9. PROPERTY, PLANT, AND EQUIPMENT

Group

	Right of use asset €	Fixtures and fittings €	Computer equipment €	Totals €
COST				
At 1st January 2022	441,942	212,236	1,698	655,876
Additions	1,368,357	124,683	—	1,493,040
At 30th June 2022	1,810,299	336,919	1,698	2,148,916
DEPRECIATION				
At 1st January 2022	389,908	85,427	1,698	477,033
Charge for period	64,448	4,857	—	69,305
At 30th June 2022	454,356	90,284	1,698	546,338
NETBOOK VALUE				
At 30th June 2022	1,355,943	246,635	—	1,602,578
At 31st December 2021	22,034	126,809	—	148,843

10. INVESTMENT

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiaries

World Chess Events Limited

Registered office: Eastcastle House, 27/28 Eastcastle Street, London, W1W 8DH
Nature of business: Organising chess events (Worldwide)

Class of shares:	**% Holding**
Ordinary	100.00

World Chess US, Inc

Registered office: 1201 N. Orange Street, Suite 762, Wilmington, New Castle County, DE, USA 19801
Nature of business: Organising chess events (USA), online chess

Class of shares:	**% holding**
Ordinary	100.00

World Chess Rus LLC

Registered office: 123242, Moscow, Kudrinskaya Square, 1 room XIIB
Nature of business: Organising chess events, chess club activities

Class of shares:	**% holding**
Ordinary	100.00

The shares were disposed on 14 April 2022.

World Chess Digital Limited

Registered office: 21st Floor, Tay Chau Building, 262 Des Voeux Road Central, Hong Kong
Nature of business: Operation of online chess platform

Class of shares:	% holding
Ordinary	100.00

The shares were disposed on 30 April 2022

Company

World Chess Europe

Registered office: Mittelstrasse 51-53, 10117 Berlin, Germany
Nature of business: Chess club

Class of shares:	% holding
Ordinary	100.00

11. INVENTORIES

	Group	
	30/6/22	31/12/21
	€	€
Stocks	160,545	218,393

12. TRADE AND OTHER RECEIVABLES

	Group	
	30/6/22	31/12/21
	€	€
Current:		
Trade receivables	43,583	317,665
Other receivables	271,217	2,910,064
VAT	9,751	—
Prepayments and accrued income	325,633	134,785
	650,184	3,362,514

13. CASH AND CASH EQUIVALENTS

	Group	
	30/6/22	31/12/21
	€	€
Bank accounts	592,561	1,520,599

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal Value:	30/6/22 €	31/12/21 €
591,640,000	Ordinary	£0.0001	68,260	66,996

	Shares in issue	Nominal value	Share capital (€)	Share Premium (€)
At 31st December 2021	591,640,000	£0.0001	66,996	5,520,114
Movement in 2022 Shares issued at a premium of £0.08 per share	10,752,689	£0.0001	1,264	998,736
Total at 30 June 2022	**602,392,689**	**£0.0001**	**68,260**	**6,518,850**

15. RESERVES

Group

	Retained earnings €	Share premium €	Translation reserve €	Totals €
At 1st January 2022	(3,027,937)	5,520,114	85,728	2,577,905
Deficit for the period 1/1/22 to 30/6/22	(884,580)	—	—	(884,580)
Movement in the period	—	998,736	(69,554)	929,182
At 30th June 2022	(3,912,517)	6,518,850	16,174	2,622,507

16. TRADE AND OTHER PAYABLES

	Group 30/6/22 €	30/12/21 €
Current:		
Trade payables	248,788	262,910
Other payables	2,791	19,003
Accruals and deferred revenue	920,864	3,294,281
Directors' current account	3,357	239
	1,175,800	3,576,465

17. FINANCIAL LIABILITIES – BORROWINGS

	Group 30/6/22 €	30/12/21 €
Current:		
Other loans	—	1,349,908
Leases (see note 19)	98,491	—
	98,491	1,349,908
Non-current:		
Other loans – 1-2 years	62,189	54,987
Leases (see note 19)	1,348,577	21,266
	1,410,766	76,253

Terms and debt repayment schedule

Group

	1 year or less €	More than 5 years €	Totals €
Leases	98,491	715,920	1,447,068

18. LEASING

Group
Right-of-use assets
Property, plant and equipment

	30/6/22	30/12/21
	€	€
COST		
At 1st January	441,942	441,942
Additions	1,368,357	—
	1,810,299	411,942
DEPRECIATION		
At 1st January	389,908	355,110
Charge for period	64,448	37,711
Exchange differences	—	(2,913)
	454,356	389,908
NET BOOK VALUE	22,034	56,832
NET BOOK VALUE AT END OF PERIOD	1,355,942	22,034

All leases are accounted for in accordance with IFRS 16 Leases

	30/06/2022	31/12/2021	31/12/2020
	€	€	€
Right-of-use asset	1,355,942	22,034	56,832
Financial Liability	1,447,068	21,266	71,619

Right of use asset recognised under IFRS 16 is for a lease term of 5 years ending on 30/04/2022 and for a lease term of 9 years ending on 31 December 2031 with an effective interest rate of 10.65%. Total finance lease interest for the period to 30 June 2022: €78,711 (2021: €4,257).

The changes in the leases in the period ended 30 June 2021 is as follows:

Lease liabilities	
At 31 December 2021	21,266
Addition	1,368,357
Payment of rent	(21,266)
Interest	78,711
At 30 June 2022	1,447,688

Group	30/6/22	30/12/21
Lease liabilities	**€**	**€**
Minimum lease payments fall due as follows:		
Gross obligations repayable:		
Within one year	98,491	21,411
Between one and five years	632,657	—
In more than five years	715,920	—
	1,447,688	21,411
Finance charges repayable:		
Within one year	—	145
	—	145
Net obligations repayable:		
Within one year	98,491	21,266
Between one and five years	632,657	—
In more than 5 years	716,520	—
	1,447,688	21,266

FINANCIAL INSTRUMENTS

The principal financial instruments used by the Group, from which financial instrument risk arises are as follows:

— trade and other payables

— cash and cash equivalents; and

— trade and other receivables

The main purpose of these financial instruments is to finance the Group's operations.

	30/6/22	31/12/21
	€	**€**
Financial assets		
Loans and receivables		
Inventories	160,545	218,393
Trade and other receivables less than one year	650,184	3,362,514
Cash and cash equivalents	592,561	1,520,499
Tangible and intangible fixed assets	2,595,718	2,508,258
Deferred tax	—	15,733
Total financial assets	3,999,008	7,625,397

	30/6/22	31/12/21
	€	**€**
Financial Liabilities		
Interest bearing loans and borrowings less than one year	1,447,068	1,371,174
Trade and others payables less than one year	1,237,989	3,576,465
Tax payable	—	54,987
Total financial liabilities	**2,685,057**	**5,002,626**

The Directors consider that the carrying value for each class of financial asset and liability, approximates to their fair value.

The following financial instruments are recognised at fair value

Right of use asset	1,355,943	22,034

Financial risk management

The Group's activities expose it to a variety of risks, including market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group manages these risks through an effective risk management programme, and, through this programme, the Board seeks to minimise the potential adverse effects on the Group's financial performance.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer to a financial instrument fails to meet its contractual obligations. The Group's credit risk is primarily attributable to its receivables and its cash deposits. It is Group policy to assess the credit risk of new customers before entering contracts.

19. DEFERRED TAX

Group

	30/6/22	**31/12/21**
	€	**€**
Balance at 1st January	(15,733)	(451,098)
Movement	15,733	435,365
Balance at 30th June	—	(15,733)

Group

20. CONTINGENT LIABILITIES

The Group has an ongoing legal claim, against an advertising company, for services that were not delivered in accordance with a contract. The director has considered legal counsels view and deemed that the invoice is not payable. If the claim is unsuccessful then the invoice, amounting to €1,140,000, will become payable.

21. RELATED PARTY DISCLOSURE

Included in Other loans is a loan from Prytek for €62,189

22. EVENTS AFTER THE REPORTING PERIOD

On 30 September 2022 the Company entered into a loan agreement with Breakthrough Initiatives Limited for €1m which was drawn down in full, the loan bares interest at 8% per annum for a five year term convertible at the listing price on listing.

23. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is I Merenzon.

WORLD CHESS PLC

Incorporated in England and Wales with Registered Number: 10589323

GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2021

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2021

COMPANY INFORMATION

FOR THE YEAR ENDED 31ST DECEMBER 2021

Registered number	10589323
Directors	I Merenzon M Shekhovtsov J R Firestone
Company Secretary	MSP Corporate services Ltd
Registered office	Eastcastle House, 27/28 Eastcastle Street London W1W 8DH
Auditors	HW East Midlands Audit LLP
	Statutory Auditors Woburn Court, 2 Railton Rd Woburn Road Ind Est Kempston Bedfordshire MK42 7PN

GROUP STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their strategic report of the company and the group for the year ended 31 December 2021.

Review of business

The Group business includes the organization of top-level chess events, operation of an online chess gaming and broadcasting platform, manufacture and sale of chess products, and other chess related activities. The unique proposal of the company is based largely on the strong established brand, attention to design, wide line of chess products and services, strong network of partners and exclusive commercial arrangements with the International Chess Federation ("FIDE").

The COVID-19 pandemic had a significant effect on the Group's offline activities, which resulted in the World Chess Grand Prix tournaments being postponed until H1 2021.

The company continued its focus on the development of its digital offerings, which included the full launch of the FIDE Online Arena gaming platform and the addition of a significant number of new features. The company has managed to secure significant income from the platform through paid subscriptions and online sponsorship/ partnerships totaling €905,174 for the year ended.

A successful fundraising campaign, coupled with favorable currency rates during the year has allowed the company to significantly decrease its reliance on borrowings with the company debt decreased to €1,426,161 in 2021 as compared to € 2,083,706 at the end of 2020.

The company was also able to increase the merchandise sales by launching the new products and actively promoting the existing ones. Merchandise sales for year 2021 totaled €903,725 as compared to €381,716 in 2020.

The company has secured a long-term contract for a venue in Berlin to establish World Chess Club Berlin as a permanent venue to stage its own activities and events and significantly increasing its outreach within the German chess community, which is considered one of the most active and numerous worldwide.

In 2022, the company will focus on further development and marketing of its online offerings, increasing the opportunities for the cross-promotion of its products and market expansion.

Key performance indicators

The Company uses a number of KPI's within the business. The principal financial metrics are Revenue, Gross profit and Profit before tax which are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The Company has reviewed its non-financial KPIs. Henceforth, the Company will track the following indicators in order to gather a better understanding of its progress:

Number of registered users

The Company had a total of 497,981 registered users at the end of 2021.

Number of paid subscriptions

The Company had a total of 5,214 paid users at the end of 2021.

Combined social media followings

The Company had a total of 255,260 combined social media followings at the end of 2021.

The company also sees customer satisfaction index and customer churn rate as important KPIs, however due to the fact that the full launch of the online gaming platform only took place in 2021, more time is required to properly assess these KPIs.

Principal risks and uncertainties

Competitive risks

The group is exposed to competitive risks in the market as there are other companies involved in the organisation of chess tournaments, online gaming and provision of auxiliary services. However, due to an established brand and strong partner network, as well as a direct contractual relationship with FIDE, it holds a unique position to develop and market products aimed at the broad chess audience.

Financial risks

The Group has established a risk and financial management framework whose primary objectives are to protect the company from events that hinder the achievement of the company's performance objectives.

Going concern risks

COVID-19 still continues to be a factor impeding the Group's offline activities, even though management sees this factor as fading away as vaccination rates keep increasing and proper measures to stop the pandemic are being implemented. However, the focus on the online products throughout the pandemic has allowed it to significantly mitigate these risks and secure the cash flow for the ongoing activities

The geopolitical crisis emerged as an additional risk-factor in 2022. Still, the management considers that the Group has the necessary resources to successfully overcome the resulting challenges.

Section 172(1) statement

Promoting the success of the company

As the Board of Directors of World Chess Plc, we have a legal responsibility under section 172 of the Companies Act 2006 to act in the way we consider, in good faith, would be most likely to promote the company's success for the benefit of its members as a whole, and to have regard to the long-term effect of our decisions on the company and its stakeholders. This statement addresses the ways in which we as a Board fulfil this responsibility.

Promoting the company's success for its members

As World Chess Plc is competing in the developing chess market, the current focus is on the increase of market share to ensure the company's ability to grow profits and contribute to the shareholder value in future.

The interests of the World Chess employees

Our employees' interests are always taken into consideration when decisions are made by the board. We help to engage with team members by providing training and career development support and there is formal and informal workplace communication. Staff are regularly consulted and provide valuable input into management decisions.

Our customers

We invest heavily in product development and staff training to make sure that our customers (both corporate and individual) receive the best value for their money in the market and we are always ready to go the extra mile for them.

Our suppliers

Throughout the years, we have built a highly effective network of suppliers and associate consultants in all the key areas of our business. We are fortunate to be supported by extremely talented professionals from all backgrounds and from various markets. We value these relationships and consider our long-term suppliers and associates part of the World Chess family and an extension of our internal workforce.

Our community

We strive to create strong ties with the communities where our activities take place, be it in London, New York or Berlin. We try to make sure that local authorities, charities, volunteer and community projects become part of our activities and are able to benefit from such cooperation.

The environment

We recognize our environmental responsibilities and are committed to reducing our carbon footprint, recycling waste materials and improving the efficiency of energy consumption. Where possible, we always try to keep our training materials, contracts, invoices and other documents purely in electronic form.

ON BEHALF OF THE BOARD:

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I Merenzon – Director
Date: 28-Sep-22

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REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report with the financial statements of the company and the group for the year ended 31st December 2021.

Dividends

No dividends will be distributed for the year ended 31 December 2021

Events since the end of the year

Information relating to events since the end of the year is given in the noted to the financial statements

Directors

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report. Ekaterina Chalykh held office from 01.01.2021 until her resignation on 12.04.2022.

I Merenzon
M Shekhovtsov
J R Firestone

Statement of directors' responsibilities

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

— select suitable accounting policies and then apply them consistently;

— make judgements and accounting estimates that are reasonable and prudent;

— state that the financial statements comply with IFRS;

— prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Auditors

HW East Midlands Audit LLP

ON BEHALF OF THE BOARD:

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I Merenzon – Director
Date: 28-Sep-22

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WORLD CHESS PLC

Opinion

We have audited the financial statements of World Chess PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31st December 2021 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting and, as regards the parent company financial statements.

In our opinion:

— the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31st December 2021 and of the group's profit for the year then ended;

— the group financial statements have been properly prepared in accordance with UK-adopted international standards;

— the parent company financial statements have been properly prepared in accordance with UK-adopted international standards;

— the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included in the accounting policies.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon. The directors are responsible for the other information contained within the Group Strategic Report and the Report of the Directors.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the companies act 2006

In our opinion, based on the work undertaken in the course of the audit:

— the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and

— the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

— adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

— the financial statements are not in agreement with the accounting records and returns; or

— certain disclosures of directors' remuneration specified by law are not made; or

— we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 81, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting irregularities, including fraud.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

— We have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— We obtained an understanding of the legal and regulatory frameworks applicable to the Group and the sector in which they operate. We determined that the following laws and regulations were most significant: The Companies Act 2006 and UK, US, Russian and Hong Kong Corporate tax laws.

— We have inquired with management as to any known instances of fraud or irregularity, and

— We have devised audit tests to target the areas which may be most susceptible to misstatement, including; revenue recognition (review of contracts for sponsorship) and management override (review of journal entries).

— We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

— Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

— Concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

— Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (ie. gives a true and fair view).

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations are from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alberto Di Lorenzo FCA (Senior Statutory Auditor)

For and on behalf of HW East Midlands Audit LLP

Statutory Auditors

Woburn Court, 2 Railton Rd
Woburn Road Ind Est
Kempston
Bedfordshire
MK42 7PN

Date: 28-Sep-22

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 €	2020 €
Continuing operations			
Revenue	4	**3,216,400**	2,516,858
Cost of sales		**(1,321,180)**	(967,741)
Gross profit		**1,895,220**	1,549,117
Other operating income		**17,939**	19,059
Administrative expenses		**(2,972,329)**	(2,262,067)
Goodwill impairment	10	**(142,474)**	—
Other operating expenses		**(441,502)**	(7,637)
Operating profit/(loss)		**(1,643,146)**	(701,528)
Finance costs	6	**(308,299)**	(3,491,355)
Finance income	6	**2,242,382**	607,427
Other finance income	6	**5,605,551**	—
Profit/(loss) before income tax		**5,896,488**	(3,585,456)
Income tax	8	**(436,914)**	424,764
Profit/(loss) for the year		**5,459,574**	(3,160,692)
Other comprehensive income		**—**	—
Total comprehensive income for the year		**5,459,574**	(3,160,692)
Prior year adjustment	32	**(1,312,016)**	(1,109,014)
Total comprehensive income since last annual report		**4,147,558**	(4,269,706)
Profit/(loss) attributable to:			
Owners of parent		**5,459,574**	(3,160,692)
Total comprehensive income attributable to:			
owners of the parent		**4,147,558**	(4,269,706)

The notes form part of these financial statements

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		Consolidated	As restated Consolidated	Company	Company
		2021	2020	**2021**	2020
ASSETS	**Note**	**€**	€	**€**	€
Non-current assets					
Goodwill	10	**—**	142,474	**—**	—
Owned					
Intangible assets	12	**2,381,445**	2,030,192	**—**	—
Property, plant and equipment	13	**126,809**	70,701	**—**	—
Right-of-use					
Property, plant and equipment	13,24	**22,034**	56,832	**—**	—
Investments		**—**	—	**26,616**	151,616
Loans and other financial assets	15,24	**—**	—	**—**	—
Trade and other receivables	17	**—**	585,379	**272,545**	597,926
Deferred tax	26	**15,733**	451,098	**—**	—
		2,546,021	3,336,676	**299,161**	749,542
Current Assets					
Inventories	16	**218,393**	58,598	**—**	—
Trade and other receivables	17	**3,362,514**	479,935	**3,188,193**	137
Tax receivable		**—**	—	**—**	—
Investments		**—**	—	**—**	—
Cash and cash equivalents	19	**1,520,599**	521,327	**34,107**	100,044
		5,101,506	1,059,860	**3,222,300**	100,181
Total Assets		**7,647,527**	4,396,536	**3,521,460**	849,723
EQUITY AND LIABILITIES					
Equity					
Shareholders' Equity					
Called up share capital	20	**66,996**	64,219	**66,996**	64,219
Share premium	21	**5,520,114**	3,552,069	**5,520,114**	3,552,069
Translation reserve	21	**85,728**	52,465	**—**	—
Retained earnings	21	**(3,027,937)**	(8,487,511)	**(4,750,727)**	(5,995,540)
Total Equity		**2,644,901**	(4,818,758)	**836,383**	(2,379,252)
Liabilities					
Non-current Liabilities					
Financial liabilities – borrowings					
Interest bearing loans and borrowings	23	**76,253**	2,083,706	**—**	—
Current liabilities					
Trade and other payables	22	**3,576,465**	7,061,403	**2,685,077**	3,228,975
Financial liabilities – borrowings					
Interest bearing loans and borrowings	23	**1,349,908**	70,185	**—**	—
Tax payable		**—**	—	**—**	—
		4,926,373	7,131,588	**2,685,077**	3,228,975
Total Liabilities		**5,002,626**	9,215,294	**2,685,077**	3,228,975
Total Equity and Liabilities		**7,647,527**	4,396,536	**3,521,460**	849,723

The consolidated and Company financial statements were approved and authorised for issue on 28-Sep-22 and were signed by:

I Merenzon
Director

Date: 28-Sep-22

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2021

	Called up share capital €	Retained Earnings €	Share Premium €	Translation reserve €	Total equity €
Balance at 1 January 2020	64,219	(4,217,805)	3,552,069	16,663	(584,854)
Prior year adjustment	—	(1,109,014)	—	—	(1,109,014)
Balance at 1 January 2020 (as restated)	64,219	(5,326,819)	3,552,069	16,663	(1,693,868)
Changes in equity					
Total comprehensive income	—	(3,160,692)	—	35,802	(3,124,890)
Balance at 1 January 2021 (as previously restated)	64,219	(7,175,495)	3,552,069	52,465	(3,506,742)
Prior year adjustment		(1,312,016)			(1,312,016)
As at 1 January 2021 (as restated)	64,219	(8,487,511)	3,552,069	52,465	(4,818.758)
Changes in equity					
Total comprehensive income	—	5,459,574	—	33,263	5,492,837
Shares issued during the year	2,777	—	1,968,045	—	1,970,822
As at 31 December 2021	**66,996**	**(3,027,937)**	**5,520,114**	**85,728**	**2,644,901**

COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2021

	Called up share capital €	Retained earnings €	Share premium €	Total equity €
Balance at 1 January 2020	**64,219**	**(2,482,191)**	**3,552,069**	**1,134,097**
Changes in equity				
Total comprehensive income	—	(3,513,349)	—	(3,513,349)
Balance at 31 December 2020	64,219	(5,995,540)	3,552,069	(2,379,252)
Changes in equity				
Total comprehensive income	—	1,244,815	—	1,244,815
Shares issued during the year	2,777	—	1,968,045	1,970,822
Balance at 31 December 2021	66,996	(4,750,725)	5,520,114	836,383

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Consolidated 2021 €	Consolidated 2020 €	**Company 2021 €**	Company 2020 €
Cash flows from operating activities				
Cash generated from operations	**1,792,611**	121,201	**(1,903,279)**	(335,973)
Interest paid	**(308,299)**	(291,355)	**—**	
Tax paid	**—**	(2,422)	**—**	—
Net cash from operating activities	**1,484,312**	(172,576)	**(1,903,279)**	(335,973)
Cash flows from investing activities				
Purchase of intangible fixed assets	**(691,285)**	(389,827)	**—**	—
Purchase of tangible fixed assets	**(91,966)**	—	**—**	—
Sale of tangible fixed assets	**—**	42,648	**—**	—
Sale of fixed asset investments	**—**	165,363	**—**	—
Loans issued			**(272,544)**	
Purchase of fixed asset investments	**—**	—	**(100,000)**	(100,000)
Loan repayment from related parties	**—**	—	597,926	461,908
Interest received	**—**	—	6,792	14,364
Net cash from investing activities	**(783,251)**	(181,816)	**232,174**	376,272
Cash flows from financing activities				
New loans in year	**—**	46,987	**—**	—
New share issue	**1,970,822**	—	**1,970,822**	—
Amounts owed to group undertakings	—	—	**2,626,134**	—
Amounts owed by group undertakings	—	—	**(2,991,786)**	—
Collateral rewards received	**2,242,382**	607,427	—	—
Cancellation of share options	**(3,200,000)**	—	—	—
Loan repayments in year	**(677,378)**	(628,131)	**—**	—
Payment of lease liabilities	**(50,352)**	(136,432)	**—**	—
Amount introduced by directors	**—**	126,029	**—**	—
Amount withdrawn by directors	**—**	(14,035)	**—**	—
Net cash from financing activities	**285,474**	1,845	**1,605,170**	—
Increase/(decrease) in cash and cash equivalents	**986,535**	(352,547)	**(65,937)**	40,299
Cash and cash equivalents at beginning of year	**521,327**	1,011,334	**100,044**	59,745
Effect of foreign exchange rate changes	**12,737**	(137,460)	**—**	—
Cash and cash equivalents at end of year	**1,520,599**	521,327	**34,107**	100,044

NOTES TO THE STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. RECONCILIATION OF PROFIT /(LOSS) BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	Consolidated 2021 €	Consolidated 2020 €	**Company 2021 €**	Company 2020 €
Profit/loss before income tax	**5,896,488**	(3,585,456)	**1,244,815**	(3,513,349)
Depreciation charges	**396,425**	333,181	**—**	—
Goodwill impairment	**142,474**	—	**—**	
Investment impairment		—	**225,000**	
Other reserves	**33,263**	35,802	**—**	—
Finance costs	**308,299**	3,491,355	**—**	—
Finance income	**(2,242,405)**	(607,427)	**(6,792)**	(14,364)
	4,534,544	(332,542)	**1,463,023**	(3,527,713)
(Increase)/decrease in inventories	**(159,795)**	23,809	**—**	—
(Increase) in trade and other receivables	**(2,297,200)**	(533,335)	**(196,270)**	(14)
(Decrease)/Increase in trade and other payables	**(284,938)**	963,270	**(3,170,032)**	3,191,754
Cash (used in) /generated from operations	**1,792,611**	121,201	**(1,903,279)**	(335,973)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statements of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

	Consolidated 2021 €	Consolidated 2020 €	**Company 2021 €**	Company 2020 €
Year ended 31 December 2021				
	31/12/21	1/1/21	**31/12/21**	1/1/21
Cash and cash equivalents	**1,520,599**	521,327	**34,107**	100,044
Year ended 31 December 2020				
	31/12/20	1/1/20	**31/12/20**	1/1/20
Cash and cash equivalents	**521,327**	1,011,334	**100,044**	59,745

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Statutory Information

World Chess PLC is a public company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in Euro which is the functional currency of the company and rounded to the nearest €.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Company.

Intra-group balances and transactions are eliminated on consolidation. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as gains, but only to the extent that there is no evidence of impairment.

Going concern

The financial statements have been prepared on a going concern basis. The Directors have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the Directors have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

Reliance is placed on the following considerations:

a) the interest of the investors in the project and fundraising activities of the Company.

b) share subscription and marketing agreements concluded in Q1 2022.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Financial Instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently, are amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of trade debt deferred beyond normal business terms or financed at a rate of interest that is not market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Foreign currencies

Assets and liabilities in foreign currencies are translated into euro at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into euro at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Taxation and deferred taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Commercial legislation within the Russian Federation in which the Group operates, including tax legislation, is subject to varying interpretations and frequent changes.

The Group's management is confident that all necessary tax accruals have been made and, accordingly, no additional provision is required in the accounts.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences. Deferred tax on revalued non-depreciable tangible fixed assets and investment properties is measured using the rates and allowances that apply to the sale of the asset.

Cash and cash equivalents

Included within cash and cash equivalents are crypto-currencies held in separate wallets. The crypto-currencies are not held for a long time period and not determined to be intangible assets or inventories.

Inventories

Inventories of finished goods are valued at the lower of cost and net realisable value (the estimated selling price less the estimated costs to sell), after making due allowance for obsolete and slow moving items.

Revenue recognition

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from sale of goods is recognised when control of the goods has transferred to the customer. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

– The Company has transferred the significant risks and rewards of ownership to the buyer;

– The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

– The amount of turnover can be measured reliably; It is probable that the Company will receive the consideration due under the transaction; and

– The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

– The amount of turnover can be measured reliably;

– It is probable the company will receive the consideration due under the contract;

– The stage of completion of the contract at the end of the reporting period can be measured reliably; and

– The costs incurred and the costs to complete the contract can be measured reliably.

Sponsorship income

Per IFRS 15 revenue from contract with customers, turnover is recognised in the period to which the sponsorship relates. Any sponsorship income received in advance of tournaments gives rise to contract liabilities which is deferred and included in accruals and deferred income. The carrying amount of the deferred sponsorship income included in creditors being €1,418,686.

Promotion income

Turnover is recognised over the period contracted for. Any income received/receivable in crypto-currency is converted at the spot rate at the prevailing date that the risk and reward has passed to the company. Where the exchange rate of the crypto-currency has a guaranteed minimum floor price, a debtor is recognised for any short-fall.

Online income

Turnover from online subscriptions is recognized monthly during the subscription period of one year.

Interest receivable

The Company was entitled to the interest receivable on collateral provided by a partner to secure a loan. The interest receivable was in exchange for share options provided to the partner. The share options were exercised shortly after the year end.

Goodwill

Goodwill is recorded as an intangible asset and is the surplus of the cost of acquisition over the fair value of identifiable net assets acquired. Goodwill is reviewed annually for impairment. Any impairment identified as a result of the review is charged in the statement of profit or loss and other comprehensive income.

Other intangible assets

Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses.

They are amortised over their estimated life often years using the straight-line method.

The Group have exclusive rights to organise and host top level chess events in association with FIDE. The Group also has developed and capitalised website costs. Both these assets are amortised over a straight line period over the useful life until 2027.

During 2020 the Group also capitalised a licence which is amortised over its useful life of 5 years.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Fixtures and fittings	–	Straight line over 5 years
Computer equipment	–	Straight line over 3 years

Leases

Leases are recognised as finance leases. The lease liability is initially recognised at the present value of the lease payments which have not yet been made and subsequently measured under the amortised cost method. The initial cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, lease payments made prior to the lease commencement date, initial direct costs and the estimated costs of removing or dismantling the underlying asset per the conditions of the contract.

Where ownership of the right-of-use asset transfers to the lessee at the end of the lease term, the right-of-use asset is depreciated over the asset's remaining useful life. If ownership of the right-of-use asset does not transfer to the lessee at the end of the lease term, depreciation is charged over the shorter of the useful life of the right-of-use asset and the lease term.

Financial liabilities

The Group does not have financial liabilities that would be classified as fair value through the profit or loss. Therefore, all financial liabilities are classified as other financial liabilities.

The Group use the amortised cost method for financial liabilities include borrowings, trade and other payables and are recognised at their original amount.

Adoption of new and revised standards

The following changes to the IFRS conceptual framework and accounting standards were adopted at the beginning of 2021.

New of amended standard or interpretation	**Issue date – effective for accounting periods beginning on or after 1 January 2021**
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform Phase 2	**1 January 2021**
Amendment to IFRS 16 Covid -19 Related Rent Consessions beyond 30 June 2021	**Beyond 30 June 2021**

New standards for 2022-2023

The following amendments are expected to be issued:

– Amendments to IFRS 16: Property, Plant and Equipment – Proceeds Before Intended Use, effective for periods beginning on or after 1 January 2022.

– Amendments to IFRS 3 (May 2020) References to the Conceptual Framework, effective for periods beginning on or after 1 January 2022.

– Amendments to IAS 37 (May 2020), effective for periods beginning on or after 1 January 2022.

– Amendments to IAS 1: Classification of liabilities as current or non-current – Deferral of Effective date, effective for periods beginning on or after 1 January 2023.

– Amendments to IAS 1 and IFRS Practice Statement 2, effective for periods beginning on or after 1 January 2023.

– Amendments to IAS 10 and IAS 28 Sale on Contribution Assets between an Investor and its Associate or Joint Venture Disclosure of accounting policies, effective for periods beginning on or after 1 January 2023.

- Amendments to IAS 8 Definition of accounting estimates, effective for periods beginning on or after 1 January 2023.
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction, effective for periods beginning on or after 1 January 2023.
- IFRS 17 and Amendments to IFRS 17 Insurance contracts, effective for periods beginning on or after 1 January 2023.

The above amendments and interpretations are not expected to have a significant effect impact on the Group's results.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results ultimately may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The material areas in which estimates and judgements are applied as follows:

Goodwill and other intangible assets impairment

The Group is required to test, on an annual basis, whether goodwill and other intangible assets have suffered any impairment. Determining whether there has been any impairment requires an estimation of the fair value in use of the cash-generating units. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

Crypto currency valuation

The group does not trade in crypto currency and as such does not recognise crypto assets as inventory. The group has the objective of converting crypto currencies into cash, predominately US Dollars or Euros at the earliest opportunity available. The decision at the time of conversion of cryptocurrency into cash to best estimate the highest value receivable is the predominant key source of uncertainty and estimation. The crypto assets are shown within cash and cash equivalents on the balance sheet date converted at the spot rate prevailing at that date with the carry amount being €1,367,907.

Legal proceedings provisions

Provisions for legal proceedings are recognised as other expenses when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be measured reliably. At the balance sheet date there is an ongoing claim with one supplier. See note 25.

4. Revenue

	2021 €	2020 €
Turnover by business class		
Events	**1,407,501**	402,067
Online	**905,174**	1,802,870
Merchandise/clubs	**903,725**	311,921
Total revenue	**3,216,400**	2,516,858
By geographical area		
United Kingdom	**2,589,719**	2,257,369
Russia	**329,114**	165,758
United States of America	**257,508**	8,071
Other	**40,059**	85,660
Total revenue	**3,216,400**	2,516,858

5. Employees and directors

	2021 €	2020 €
Wages and salaries	**71,235**	177,028

The average number of employees during the year was as follows:

	2021	2020
Group – average employee numbers	**9**	11

Wages and salaries of €56,278 (2020: €150,804) included in the figure above are included in cost of sales.

The directors received consultancy fees for 2021 of €228,429.

	2021 €	2020 €
Directors' remuneration	**9,461**	6,658

6. Net finance costs

	2021 €	2020 €
Finance income		
Loan interest received	**—**	4,399
Other interest receivable	**2,242,382**	603,028
Other finance income	**5,605,551**	—
	7,847,933	607,427
Finance costs		
Other loan interest	**308,299**	291,355
Fair value of share incentives Provided	**—**	3,200,000
	308,299	3,491,355
Net finance costs	**7,539,634**	2,883,928

During the year crypto-currency appreciated significantly, ALGO rate increased from €0.27in January 2021 to €1.53 in December 2021. In Q4 2021 the Group exchanged a vast portion of its' crypto balances.

7. Loss before income tax

	2021	2020
	€	**€**
Cost of inventories recognised as expense	**1,321,180**	967,741
Depreciation – owned assets	**16,335**	18,613
Depreciation – assets on finance leases	**37,451**	35,341
Exclusive FIDE rights amortisation	**110,529**	110,529
License amortisation	**5,000**	5,000
Website amortisation	**224,503**	163,698
Auditors' remuneration	**16,626**	31,574
Foreign exchange differences	**(5,072)**	311,807

8. Income tax

	2021	As restated 2020
	€	**€**
Analysis of tax income		
Current tax		
Corporation tax	**45**	4,860
Foreign tax	**190**	
Deferred tax	**436,679**	(429,624)
Total tax income in consolidated statement of profit or loss and other comprehensive income	**436,914**	(424,764)

Factors affecting the tax expense
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2021	2020
Profit/(loss) before income tax	**5,896,488**	(4,897,472)
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2020 – 19%)	(1,120,333)	(930,520)
Effects of		
Corporation tax and foreign tax	**235**	
Losses from previous years	**861,205**	
Deferred tax	**436,679**	(432,351)
Depreciation in excess of capital allowances	**12,411**	78,096
Non taxable expenses	**246,717**	610,728
Tax income	**436,914**	(424,764)

The deferred tax represents tax losses available to carry forward against future trading profits.

9. Profit of parent company

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was €1,244,815 (2020 – (loss of €3,513,349).

10. Goodwill

Group	**€**
Cost	
At 1 January 2021	142,474
Impairment	(142,474)
At 31 December 2021	—
Net book value	
At 31 December 2021	—

	€
Cost	
At 1 January 2020 and 31 December 2020	142,474
Net book value	
At 31 December 2020	142,474

The group is required to test, on an annual basis, whether goodwill has suffered any impairment. The carrying value of the goodwill arose on the acquisition of World Chess RUS LLC and World Chess Digital Limited.

In 2022 the Group disposed of World Chess RUS LLC and World Chess Digital Limited was under liquidation. The Group has therefore written off the goodwill at of 31.12.21.

11. Intangible assets

	Exclusive FIDE rights €	License €	Website €	Totals €
Cost				
At 1 January 2021	**1,105,291**	**25,000**	**1,706,287**	**2,836,578**
Additions	**—**	**90,000**	**601,285**	**691,285**
At 31 December 2021	**1,105,291**	**115,000**	**2,307,572**	**3,527,863**
Amortisation				
At 1 January 2021	**442,116**	**5,000**	**359,270**	**806,386**
Amortisation for the year	**110,529**	**5,000**	**224,503**	**340,032**
At 31 December 2021	**552,645**	**10,000**	**583,773**	**1,146,418**
Net book value				
At 31 December 2021	**552,646**	**105,000**	**1,723,799**	**2,381,445**
Cost				
At 1 January 2020	1,105,291	—	1,341,460	2,446,751
Additions	—	25,000	364,827	389,827
At 31 December 2020	1,105,291	25,000	1,706,287	2,836,578
Amortisation				
At 1 January 2020	331,587	—	195,572	527,159
Amortisation for the year	110,529	5,000	163,698	279,227
At 31 December 2020	442,116	5,000	359,270	806,386
Net book value				
At 31 December 2020	663,175	20,000	1,347,017	2,030,192

12. Property, plant and equipment

	Right of use asset €	Fixtures and fittings €	Computer equipment €	Total €
Cost				
At 1 January 2021	**441,942**	**136,946**	**1,698**	**550,586**
Additions	**—**	**91,966**	**—**	**91,966**
Exchange differences	**—**	**(16,676)**	**—**	**(16,676)**
At 31 December 2021	**441,942**	**212,236**	**1,698**	**625,876**
Depreciation				
At 1 January 2021	**355,110**	**66,244**	**1,698**	**423,053**
Charge for year	**37,711**	**18,046**	**—**	**56,893**
Exchange differences	**(2,913)**	**—**	**—**	**(2,913)**
At 31 December 2021	**389,908**	**85,427**	**1,698**	**477,033**
Net book value				
At 31 December 2021	**22,034**	**126,809**	**—**	**148,843**
Cost				
At 1 January 2020	411,942	143,391	1,698	557,031
Disposals	—	(42,648)	—	(42,648)
Exchange differences	—	36,203	—	36,203
At 31 December 2020	411,942	136,946	1,698	550,586
Depreciation				
At 1 January 2020	221,165	48,198	1,132	270,495
Charge for year	35,341	18,046	566	53,954
Exchange differences	98,604	—	—	98,604
At 31 December 2020	355,110	66,244	1,698	423,053
Net book value				
At 31 December 2020	56,832	70,702	—	127,533

13. Investments

Company	Shares in group undertakings
	€
Cost	
At 1 January 2021	151,616
Additions	100,000
Impairment	**(225,000)**
At 31 December 2021	**26,616**
Net book value	
At 31 December 2021	**26,616**
At 31 December 2020	**151,616**

Company	Shares in group undertakings
	€
Cost	
At 1 January 2020	51,616
Additions	100,000
At 31 December 2020	151,616
Net book value	
At 31 December 2020	151,616

Investment in subsidiaries	Nature of business	Class of shares	Total
World Chess events limited	Various chess related activities	Ordinary	100
World Chess US, Inc	Organising chess events (USA), online chess	Ordinary	100
World Chess Digital limited	Operation of online chess platform	Ordinary	100
World Chess Europe	Various chess related activities	Ordinary	100

During the year, World chess PLC provided a capital contribution to World Chess Europe Ltd for €25,000

14. Loans and other financial assets

	Loans to other participating interests
Group	**€**
At 1 January 2021	—
Repayment in year	—
At 31 December 2021	—

	Loans to other participating interests
	€
At 1 January 2020	6,100
Repayment in year	(6,100)
At 31 December 2020	—

15. Inventories

	Group	
	31/12/21	**31/12/20**
	€	**€**
Stocks	**218,393**	58,598

16. Trade and other receivables

		As restated		
	2021	2020	**2021**	2020
	€	€	**€**	€
	Group	Group	**Company**	Company
Current:				
Trade debtors	**317,665**	15,337		—
Other debtors	2,910,064	64,422	178,878	137
Amounts owed by group undertakings			**2,991,786**	
Prepayments and accrued income	**134,785**	400,176	**17,529**	—
	3,362,514	479,935	**3,188,193**	137
Non-current:				
Amounts owed by group undertakings	**—**	—	**272,545**	597,926
Other debtors	**—**	585,379	**—**	—
	—	585,379	**272,545**	597,926
Aggregate amounts	**3,362,514**	1,065,314	**3,460,737**	598,063

17. Investments

	Group 31/12/21 €	Group 31/12/20 As restated €
Other	—	159,263

18. Cash and cash equivalents

	2021 € Group	2020 € Group	**2021 € Company**	2020 € Company
Cash in hand	**—**	121	**—**	—
Bank accounts	**1,520,599**	521,206	**34,007**	100,044
	1,520,599	521,327	**34,007**	100,044

19. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31/12/21 €	31/12/20 €
591,640,000	Ordinary	£0.0001	66,996	64,219

20. Reserves

Retained earnings comprises of the brought forward cumulative profit and loss balances carried forward from previous accounting periods.

Share premium represents funds generated from shareholders as a return for their partial ownership of the company.

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

21. Trade and other payables

	2021 Group €	**As restated 2020 Group €**	**2021 Company €**	**2020 Company €**
Current:				
Trade creditors	**262,910**	145,213	**37,372**	10,379
Amounts owed to participating interests	**—**	46,987	**2,626,134**	—
Social security and other taxes	**9,541**	7,849	**—**	—
Other creditors	**9,494**	3,218,727	**1,376**	3,201,376
Net wages outstanding	**—**	—	**—**	—
Accruals and deferred income	**3,294,281**	2,037,404	**19,956**	16,982
Directors' current accounts	**239**	112,232	**239**	238
VAT	**—**	180,975	**—**	—
	3,576,465	5,749,387	**2,685,077**	3,228,975

22. Financial liabilities – borrowings

	Group 2021 €	Group 2020 €
Current:		
Other loans	**1,349,908**	18,037
Leases	**—**	52,148
	1,349,908	70,185
Non-current:		
Other loans – 1-2 years	**54,987**	2,064,236
Leases	**21,266**	19,470
	76,253	2,083,706

Terms and debt repayment schedule
Group

	1 year or less €	1-2 years €	Totals €
Other loans	1,349,908	54,987	1,404,895
Leases	—	21,266	21,296
	1,349,908	76,253	1,426,191

In 2021 Loans due less than one year, €1,349,908 with accrued interest of 14%. The loans are secured by collateral provided by a partner. The loan was repaid and the collateral returned in January 2022. In 2021 Loans greater than one year is €54,987 (2020: €2,064,236) represent a loan from a partner to the US subsidiary which accrues interest at 10%.

23. Leasing

Group

Right-of-use assets
Property, plant and equipment

	2021 €	2020 €
Cost		
At 1 January 2021	**411,942**	411,942
Depreciation		
At 1 January 2021	**355,110**	221,165
Charge for year	**37,711**	35,341
Exchange differences	**(2,913)**	98,604
	389,908	355,110
Net book value	**22,034**	56,832

All leases are accounted for in accordance with IFRS 16 Leases.

	2021 €	2020 €	2019 €
Right-of-use asset	22,034	56,832	190,777
Financial liability	21,266	71,619	208,050

Right of use asset recognised under IFRS 16 is for a lease term of 5 years ending on 30/04/2022 with an effective interest rate of 10.65%. Total finance lease interest for 2021: €1,312 (2020: €7,450).

In connection with the agreement reached with the lessor to reduce the fixed payments under the lease agreement from 1 April 2020 to 31 December 2021 due to COVID-19, the adjustments were made to the valuation of the financial obligation and asset in the form of rights of use in 2020.

	€
At 31 December 2020	71,619
Payment of rent	(52,760)
Interest	1,132
Reduction due to renegotiation with landlord	18,927
Exchange differences	(17,682)
At 31 December 2021	21,266

Right of use assets relating to lease properties are presented as property, plant and equipment and amortised to the end of the lease term.

Group
Lease liabilities
Minimum lease payments fall due as follows:

	2021	2020
	€	€
Gross obligations repayable:		
Within one year	**21,411**	58,557
Between one and five years	**—**	19,750
	21,411	78,307
Finance charges repayable:		
Within one year	**145**	6,409
Between one and five years	**—**	280
	145	6,689
Net obligations repayable:		
Within one year	**21,266**	52,148
Between one and five years	**—**	19,470
	21,266	71,618

24. Financial instruments

All financial instruments are measured at amortised cost and financial instruments used by the Group, from which financial instrument risk arises are as follows:

– trade and other payables

– cash and cash equivalents; and

– trade and other receivables

The main purpose of these financial instruments is to finance the Group's operations.

	2021 €	2020 €
Other financial assets		
Loans and receivables		
Inventories	**218,393**	58,598
Trade and other receivables less than one year	**3,362,514**	1,065,313
Trade and other receivables greater than one year	**—**	—
Cash and cash equivalents	**1,520,499**	521,327
Total investments	**—**	—
Tangible and intangible fixed assets	**2,508,258**	2,243,369
Deferred tax	**15,733**	495,985
Total financial assets	**7,625,397**	4,384,592
Other financial liabilities		
Interest bearing loans and borrowings less than one year	**1,371,174**	70,185
Trade and other payables less than one year	**3,576,465**	2,549,385
Interest bearing loans and borrowings less than one year	**54,987**	2,083,706
Tax payable	**—**	—
Total financial liabilities	**5,002,626**	4,703,276

The Directors consider that the carrying value for each class of financial asset and liability, approximates to their fair value.

The following financial instruments are recognised at fair value

Right of use asset	**22,034**	56,832

Financial risk management

The Group's activities expose it to a variety of risks, including market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group manages these risks through an effective risk management programme, and, through this programme, the Board seeks to minimise the potential adverse effects on the Group's financial performance.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer to a financial instrument fails to meet its contractual obligations. The Group's credit risk is primarily attributable to its receivables and its cash deposits. It is Group policy to assess the credit risk of new customers before entering contracts.

Liquidity risk and interest rate risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

Foreign currency risk

The Group's exposure to foreign currency risk is limited; as most of its invoicing and payments are denominated in Euro. The Group identifies and manages currency risks using an integrated approach that takes into account the possibility of natural (economic) hedging. For the purpose of short-term management of currency risk, the Group selects the currency to reduce the open currency position (the difference between assets and liabilities in foreign currencies).

Analysis of sensitivity of financial instruments to foreign currency exchange rate risk

Currency risk is assessed monthly using sensitivity analysis and maintained within parameters approved in accordance with the Group's policy. At the reporting date, the effect of the Euro's growth/(depreciation) against other currencies in the Group's profit/(loss) before tax is not significant.

Receivable impairments

Under IFRS 9, expected credit loss model, a loss allowance for lifetime expected credit losses is recognised for a financial instrument if there has been a significant increase in credit risk since initial recognition of the financial asset. The group has recognised a loss allowance within the year comprising of a balance of £430,008.

25. Deferred tax asset

	Group	
	31/12/21	31/12/20
	€	€
Balance at 1 January	(451,098)	(27,757)
Movement in current year	435,365	(423,341)
Balance at 31 December	(15,733)	(451,098)

26. Contingent liabilities

The company has an ongoing legal claim, against an advertising company, for services that were not delivered in accordance with a contract (total amount of €1,140,000).

Following consultations with legal counsel, the director considered it unproductive to take further legal action. The company takes a view that the damages are settled against the respective invoice (up to its total amount) and will hold off with legal action unless new information comes up. The company further does not expect the counter legal action regarding the invoice as the company has not received any response to its claim from the supplier after 31 December 2019 (the date of the last communication from the company's legal counsel to the supplier).

27. Related party disclosures

The following represent transactions with shareholders of World Chess PLC – Included in other investments €Nil (2020: €Nil).

Included in trade and other payables are balances owing to; Public Space – €Nil (2020: €18,037), Interest was payable to Public Space for €67 (2020: €10,293). The balance was paid in full on 1 June 2021.

Included in amounts owing to participating interests is a loan from Prytek for €54,987

The key management of the Group includes the General Director of World Chess RUS LLC. The amount of remuneration for 2021 paid was 9,461 (2020: €6,658) plus social security of €2,876 (2020: €2,078).

28 Events after the reporting period

Due to changes in projects priorities and value of crypto-currency TON Crystal, Freeton community is unable to continue with the project to provide enhancement for our online product. As a result, the company has written off €84,265 in Fixed assets and further €333,523 from Prepayments. The directors do not see probability of receiving additional value and use of assets of this project.

Due to geopolitical situation in 2022 the Group has ceased the operations in Russia and disposed of World Chess RUS LLC. World Chess PLC recorded impairment on investment and the Group recognized goodwill's impairment.

29. Ultimate controlling party

The ultimate controlling party is I Merenzon.

30. Share-based payment transactions

In exchange for providing collateral (of 33m Algo's) for a loan in World Chess Events Ltd, the Company had granted an option to Algorand Cayman SEZX to purchase 2,224 ordinary shares or c. 4% of the Company. The option had a vesting period up to February 2022.

After the reporting date, the option was exercised and World Chess Plc issued 2,474 shares (by mutual agreement the amount of shares was increased) in exchange for $2,400,275. At the balance sheet date this converts to €1,964,865.

31. Prior year adjustments

A prior year adjustment was made in the year ended 31 December 2021 to correct bookkeeping errors in the years ended 31 December 2018 and 2019. Income of €1,412,016 from sponsorship that had been previously recognised in years 2018-2019 should have been recognised as follows: 2019 €100,000, 2021 €606,608; 2022 €706,008.

A prior year adjustment was made in the year ended 31 December 2020 to reflect a crypto-currency balance of €203,001 held in a crypto wallet that had previously been omitted from the 2019 financial statements.

WORLD CHESS PLC

Incorporated in England and Wales with Registered Number: 10589323

GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2020

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2020

COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2020

DIRECTORS:	I Merenzon M Shekhovtsov Ms E Chalykh J R Firestone
SECRETARY:	M Shekhovtsov
REGISTERED OFFICE:	No 1 Royal Exchange London EC3V 3DG
REGISTERED NUMBER:	10589323 (England and Wales)
AUDITORS:	HW East Midlands Audit LLP Statutory Auditors Woburn Court, 2 Railton Rd Woburn Road Ind Est Kempston Bedfordshire MK42 7PN

GROUP STRATEGIC REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2020

The directors present their strategic report of the company and the group for the year ended 31 December 2020.

REVIEW OF BUSINESS

The Group business includes the organization of top-level chess events, operation of an online chess gaming and broadcasting platform, manufacturing and sale of chess products, and other chess related activities. The unique proposal of the company is based largely on the strong established brand, attention to design, wide line of chess products and services, strong network of partners and exclusive commercial arrangements with the International Chess Federation ("FIDE").

Due to the COVID-19 pandemic most of the 2020 event activities were moved to the years 2021-2022. The company focused on the development of its digital offerings, including launching several joint projects in this area. The company continues to dedicate significant resources on development of its online offerings and has successfully launched a beta version of its own gaming platform in 2020 (the full launch happened in April 2021).

The pandemic's impact on the 2020 results was seen in an operating loss of €0.7m. The loss after tax was €3.2m largely caused by net financing costs of €2.9m. Included in the financing costs was a one-off €3.2m cost in relation to a share incentive connected to a loan repayment. Details are included in Note 28 to the financial statements.

For the year 2021, the company will focus on further development and marketing of its online offerings and will make fundraising efforts for the purpose of market expansion. As the pandemic subsides, the company expects income from profit-sharing arrangement of the 2021 FIDE events and then significant income in relation to the FIDE Grand Prix Series to be organized in Q1-Q2 2022.

The company will expand its Berlin office to improve the logistics of working with EU counterparties and authorities due to Brexit as well as to take advantage of the growing popularity of chess in Germany.

Key Performance Indicators

The Company uses a number of KPI's within the business. The principal financial metrics are Revenue, Gross profit and Profit before tax which are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. There are two principal non-financial KPI's that the Company uses:

Number of Events held. This relates to the number of Chess events in the FIDE biennial world championship cycle held during the year as well as other events organised by World Chess. In 2020, due to the Covid pandemic there was only one event held and that was started, suspended and then postponed to 2021. By comparison in 2019 there had been 5 events (4 FIDE Grand Prix events and the new format Armageddon event, a fast paced event suited for TV developed by World Chess).

Number of Online paid subscribers. At the end of 2020 there were 4,117 paying subscribers to the FIDE Online Arena (FOA) the official online gaming platform of FIDE which World Chess operates through the World Chess website. There is no meaningful comparative number for 2019 as the FOA, in its current format, was only launched in late 2020.

Going forward the Company intends to continue the use of these KPI's and will regularly review whether further KPI's should be added as the business grows.

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive risks

The Group is exposed to competitive risks in the market as there are other companies involved in the organisation of chess tournaments, online gaming and provision of auxiliary services. However, due to an established brand and a strong partner network, as well as a direct contractual relationship with FIDE, it holds a unique position to develop and market products aimed at the broad chess audience.

Financial risks

The Group has established a risk and financial management framework whose primary objectives are to protect the company from events that hinder the achievement of the company's performance objectives.

Going concern risks

COVID-19 still continues to be a factor impeding the Group's offline activities. Still, the focus on the online products in 2020 has allowed it to significantly mitigate these risks and secure the cash flow for the ongoing activities.

SECTION 172(1) STATEMENT

Promoting the success of the company

As the Board of Directors of World Chess plc, we have a legal responsibility under section 1 72 of the Companies Act 2006 to act in the way we consider, in good faith, would be most likely to promote the company's success for the benefit of its members as a whole, and to have regard to the long-term effect of our decisions on the company and its stakeholders. This statement addresses the ways in which we as a Board fulfil this responsibility.

Promoting the company's success for its members, As World Chess Plc is competing in the developing chess market, the current focus is on the increase of market share to ensure the company's ability to grow profits and contribute to the shareholder value in future.

The interests of the World Chess employees. Ow employees' interests are always taken into consideration when decisions are made by the board. We help to engage with team members by providing training and career development support and there is formal and informal workplace communication. Staff are regularly consulted and provide valuable input into management decisions.

Our customers. We invest heavily in product development and staff training to make sure that our customers (both corporate and individual) receive the best value for their money in the market and we are always ready to go the extra mile for them.

Our suppliers. Throughout the years, we have built a highly effective network of suppliers and associate consultants in all the key areas of our business. We are fortunate to be supported by extremely talented professionals from all backgrounds end from various markets. We value these relationships and consider our long-term suppliers and associates part of the World Chess family and an extension of our internal workforce.

Our community. We strive to create strong ties with the communities where our activities take place, be it in London, New York, Moscow or Berlin. We try to make sure that local authorities, charities, volunteer and community projects become part of our activities and are able to benefit from such cooperation.

The environment. We recognize our environmental responsibilities and are committed to reducing our carbon footprint, recycling waste materials and improving the efficiency of energy consumption. Where possible, we always try to keep our training materials, contracts, invoices and other documents purely in electronic form.

ON BEHALF OF THE BOARD:

....
I Merenzon – Director

....
Date:

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 2020

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2020.

DIVIDENDS

No dividends will be distributed for the year ended 31st December 2020.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st January 2020 to the date of this report.

I Merenzon
M Shekhovtsov

Other changes in directors holding office are as follows:

Ms E Chalykh – appointed 24th August 2020
J R Firestone – appointed 10th August 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

— select suitable accounting policies and then apply them consistently;

— make judgements and accounting estimates that are reasonable and prudent;

— state that the financial statements comply with IFRS;

— prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors HW East Midlands Audit UP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

....
I Merenzon – Director

....
Date:

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF WORLD CHESS PLC

Opinion

We have audited the financial statements of World Chess PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31st December 2020 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31st December 2020 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31st December 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included in the accounting policies.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

The financial statements have been prepared on a going concern basis and this is further detailed in the accounting policies.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 113, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Group and the sector in which they operate. We determined that the following laws and regulations were most significant: The Companies Act 2006 and UK, US, Russian and Hong Kong Corporate tax laws.
- We have inquired with management as to any known instances of fraud or irregularity, and
- We have devised audit tests to target the areas which may be most susceptible to misstatement, including; revenue recognition (review of contracts for sponsorship) and management override (review of journal entries).

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations are from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alberto Di Lorenzo FCA (Senior Statutory Auditor)
for and on behalf of HW East Midlands Audit LLP
Statutory Auditors
Woburn Court, 2 Railton Rd
Woburn Road Ind Est
Kempston Bedfordshire
MK42 7PN

Date: 25/08/2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2020

	Notes	31/12/20 €	31/12/19 as restated €
CONTINUING OPERATIONS			
Revenue	3	2,516,858	4,476,523
Cost of sales		(967,741)	(2,484,389)
GROSS PROFIT		1,549,117	1,992,134
Other operating income		19,059	174,723
Administrative expenses		(2,262,067)	(2,007,224)
Other operating expenses		(7,637)	(50,324)
OPERATING (LOSS)/PROFIT		(701,528)	109,309
Finance costs	5	(3,491,355)	(382,692)
Finance income	5	607,427	136,755
LOSS BEFORE INCOME TAX	6	(3,585,456)	(136,628)
Income tax	7	424,764	22,073
LOSS FOR THE YEAR		(3,160,692)	(114,555)
OTHER COMPREHENSIVE INCOME		—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(3,160,692)	(114,555)
Prior year adjustment	9	203,002	
TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT		(2,957,690)	
Loss attributable to:			
Owners of the parent		(3,160,692)	(114,555)
Total comprehensive income attributable to:			
Owners of the parent		(2,957,690)	(114,555)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31ST DECEMBER 2020

	Notes	31/12/20 €	31/12/19 as restated €
ASSETS			
NON-CURRENT ASSETS			
Goodwill	10	142,474	142,474
Owned			
Intangible assets	11	2,030,192	1,919,592
Property, plant and equipment	12	70,701	95,759
Right-of-use			
Property, plant and equipment	12, 23	56,832	190,777
Investments	13	—	—
Loans and other financial assets	14	—	6,100
Trade and other receivables	16	585,379	9,341
Deferred tax	25	451,098	27,757
		3,336,676	2,391,800
CURRENT ASSETS			
Inventories	15	58,598	82,407
Trade and other receivables	16	479,935	522,638
Tax receivable		—	123
Investments	17	—	159,263
Cash and cash equivalents	18	521,327	1,011,334
		1,059,860	1,775,765
TOTAL ASSETS		4,396,536	4,167,565
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	19	64,219	64,219
Share premium	20	3,552,069	3,552,069
Translation reserve	20	52,465	16,663
Retained earnings	20	(7,175,495)	(4,014,803)
TOTAL EQUITY		(3,506,742)	(381,852)
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities – borrowings Interest bearing loans and borrowings	22	2,083,706	2,400,477
CURRENT LIABILITIES			
Trade and other payables	21	5,749,387	1,427,136
Financial liabilities – borrowings			
Interest bearing loans and borrowings	22	70,185	717,838
Tax payable			3,966
		5,819,572	2,148,940
TOTAL LIABILITIES		7,903,278	4,549,417
TOTAL EQUITY AND LIABILITIES		4,396,536	4,167,565

The financial statements were approved by the Board of Directors and author reed for issue on 24.09.21 and were signed on its behalf by:

....
I Merenzon – Director

COMPANY STATEMENT OF FINANCIAL POSITION
31ST DECEMBER 2020

	Notes	31/12/20 €	31/12/19 as restated €
ASSETS			
NON CURRENT ASSETS			
Goodwill			
Owned	10	—	—
Intangible assets	11	—	—
Property, plant and equipment	12	—	—
Right-of use			
Investments	13	151,616	51,616
Loans and other financial assets	14	—	—
Trade and other receivables	16	597,926	1,059,834
		749.542	1,111,450
CURRENT ASSETS			
Trade and other receivables	16	137	—
Tax receivable		—	123
Cash and cash equivalents	18	100,044	59,745
		100,181	59,868
TOTAL ASSETS		849,723	1,171,318
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	19	64,219	64,219
Share premium	20	3,552,069	3,552,069
Retained earnings	20	(5,995.540)	(2,482,191)
TOTAL EQUITY		(2,379.252)	1,134,097
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	21	3,225,975	37,221
TOTAL LIABILITIES		3.228,975	37,221
TOTAL EQUITY AND LIABILITIES		849,723	1,171,318

The financial statements were approved by the Board of Directors and authorised for issue on 24.09.21 and were signed on its behalf by:

....
I Merenzon – Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2020

	Called up share capital €	Retained earnings €	Share premium €	Translation reserve €	Total equity €
Balance at 1st January 2019	64,219	(3,900,248)	3,552,069	24,916	(259,044)
Changes in equity					
Total comprehensive income	—	(317,557)	—	(8,253)	(325,810)
Balance at 31st December 2019	64,219	(4,217,805)	3,552,069	16,663	(584,854)
Prior year adjustment	—	203,002	—	—	203,002
As restated	64,219	(4,014,803)	3,552,069	16,663	(381,852)
Changes in equity					
Total comprehensive income	—	(3,160,692)	—	35,802	(3,124,890)
Balance at 31st December 2020	64,219	(7,175,495)	3,552,069	52,465	(3,506,742)

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2020

	Called up share capital €	Retained earnings €	Share premium €	Total equity €
Balance at 1st January 2019	64,219	(3,399)	3,552,069	3,612,889
Changes in equity				
Total comprehensive income	—	(2,478,792)	—	(2,478,792)
Balance at 31st December 2019	64,219	(2,482,191)	3,552,069	1,134,097
Changes in equity				
Total comprehensive income	—	(3,513,349)	—	(3,513,349)
Balance at 31st December 2020	64,219	(5,995,540)	3,552,069	(2,379,252)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2020

	Notes	31/12/20 €	31/12/19 as restated €
Cash flows from operating activities			
Cash generated from operations	1	121,201	2,283,518
Interest paid		(291,355)	(382,692)
Tax paid		(2,422)	(3,484)
Net cash from operating activities		(172,576)	1,897,342
Cash flows from investing activities			
Purchase of goodwill		—	(160,999)
Purchase of intangible fixed assets		(389,827)	(440,056)
Purchase of tangible fixed assets		—	(35,751)
Sale of tangible fixed assets		42,648	—
Sale of fixed asset investments		165,363	—
Interest received		607,427	136,755
Net cash from investing activities		425,611	(500,051)
Cash flows from financing activities			
New loans in year		46,987	4,635,481
Loan repayments in year		(628,131)	(5,142,662)
New loans issued in year		—	(57,644)
Payment of lease liabilities		(136,432)	(41,863)
Amount introduced by directors		126,029	38,151
Amount withdrawn by directors		(14,035)	(3,244)
Net cash from financing activities		(605,582)	(571,781)
(Decrease)/increase in cash and cash equivalents		(352,547)	825,510
Cash and cash equivalents at beginning of year	2	1,011,334	185,824
Effect of foreign exchange rate changes		(137,460)	—
Cash and cash equivalents at end of year	2	521,327	1,011,334

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2020

	Notes	31/12/20 €	31/12/19 as restated €
Cash flows from operating activities			
Cash generated from operations	1	(335,973)	(2,522,719)
Tax paid		—	(1,900)
Net cash from operating activities		(335,973)	(2,524,619)
Cash flows from investing activities			
Purchase of fixed asset investments		(100,000)	(50,000)
Loan repayments from related parties		461,908	2,565,500
Interest received		14,364	68,396
Net cash from investing activities		376,272	2,583,896
Decrease in cash and cash equivalents	2	40,299	59,277
Cash and cash equivalents at beginning of year		59,745	468
Cash and cash equivalents at end of year	2	100,044	59,745

NOTES TO THE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2020

1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

Group

	31/12/20	31/12/19 as restated
	€	€
Loss before income tax	(3,585,456)	(136,628)
Depreciation charges	333,181	313,658
Other reserves	35,802	(8,290)
Finance costs	3,491,355	382,692
Finance income	(607,427)	(136,755)
	(332,542)	414,677
Decrease in inventories	23,809	37,690
(Increase)/decrease in trade and other receivables	(533,335)	672,360
Increase in trade and other payables	963,270	1,158,791
Cash generated from operations	121,201	2,283,518

Company

	31/12/20	31/12/19 as restated
	€	€
Loss before income tax	(3,513,349)	(2,478,792)
Finance income	(14,364)	(68,396)
	(3,527,713)	(2,547,188)
Increase in trade and other receivables	(14)	—
Increase in trade and other payables	3,191,754	24,469
Cash generated from operations	(335,973)	(2,522,719)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statements of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31st December 2020

	Group		Company	
	31/12/20	1/1/20	31/12/20	1/1/20
	€	€	€	€
Cash and cash equivalents	521,327	1,011,334	100,044	59,745

Year ended 31st December 2019

	Group		Company	
	31/12/19 as restated	1/1/19	31/12/19 as restated	1/1/19
	€	€	€	€
Cash and cash equivalents	1,011,334	185,824	59,745	468

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2020

1. STATUTORY INFORMATION

World Chess PLC is a public company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in Euro which is the functional currency of the company and rounded to the nearest €.

Going concern

The financial statements have been prepared on a going concern basis. The Directors have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the Directors have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

Reliance is placed on the following considerations:

a) the majority shareholder has provided a letter continue to support the entity.

b) the interest of the investors in the project and fundraising activities of the Company.

c) share subscription and marketing agreements concluded in Q1 2021.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Company.

Intra-group balances and transactions are eliminated on consolidation. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as gains, but only to the extent that there is no evidence of impairment.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results ultimately may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The material areas in which estimates and judgements are applied as follows:

— *Goodwill and other intangible assets impairment*

The Group is required to test, on an annual basis, whether goodwill and other intangible assets have suffered any impairment. Determining whether there has been any impairment requires an estimation of the fair value in use of the cash-generating units. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

— *Crypto currency valuation*

The group does not trade in crypto currency and as such does not recognise crypto assets as inventory. The group has the objective of converting crypto currencies into cash, predominately US Dollars or Euros at the earliest opportunity available. The decision at the time of conversion of cryptocurrency into cash to best estimate the highest value receivable is the predominant key source of uncertainty and estimation. The crypto assets are shown within cash and cash equivalents on the balance sheet date converted at the spot rate prevailing at that date with the carry amount being €211,872.

— *Legal proceedings provisions*

Provisions for legal proceedings are recognised as other expenses when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be measured reliably. At the balance sheet date there is an ongoing claim with one supplier. See note 25.

Revenue recognition

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from sale of goods is recognised when control of the goods has transferred to the customer. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

— The Company has transferred the significant risks and rewards of ownership to the buyer;

— The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

— The amount of turnover can be measured reliably; It is probable that the Company will receive the consideration due under the transaction; and

— The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

— The amount of turnover can be measured reliably;

— It is probable the company will receive the consideration due under the contract;

— The stage of completion of the contract at the end of the reporting period can be measured reliably; and

— The costs incurred and the costs to complete the contract can be measured reliably.

Sponsorship income

Per IFRS 15 revenue from contract with customers, turnover is recognised in the period to which the sponsorship relates. Any sponsorship income received in advance of tournaments gives rise to contract liabilities which is deferred and included in accruals and deferred income. The carrying amount of the deferred sponsorship income included in creditors being €1,653,551.

Promotion income

Turnover is recognised over the period contracted for. Any income received/receivable in crypto currency is converted at the spot rate at the prevailing date that the risk and reward has passed to the company. Where the exchange rate of the crypto-currency has a guaranteed minimum floor price, a debtor is recognised for any short-fall.

Interest receivable

The Company was entitled to the interest receivable on collateral provided by a partner to secure a loan. The interest receivable was in exchange for share options provided to the partner. The share options were exercised shortly after the year end.

Goodwill

Goodwill is recorded as an intangible asset and is the surplus of the cost of acquisition over the fair value of identifiable net assets acquired. Goodwill is reviewed annually for impairment. Any impairment identified as a result of the review is charged in the statement of profit or loss and other comprehensive income.

Other intangible assets

Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses. They are amortised over their estimated life of ten years using the straight-line method.

The Group have exclusive rights to organise and host top level chess events in association with FIDE. The Group also has developed and capitalised website costs. Both these assets are amortised over a straight-line period over the useful life until 2027.

During 2020 the Group also capitalised a license which is amortised over its useful life of 5 years.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Fixtures and fittings	—	Straight line over 5 years
Computer equipment	—	Straight line over 3 years

Financial instruments

Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently, are amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of trade debt deferred beyond normal business terms or financed at a rate of interest that is not market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset, and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Inventories

Inventories of finished goods are valued at the lower of cost and net realisable value (the estimated selling price less the estimated costs to sell), after making due allowance for obsolete and slow-moving items.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Commercial legislation within the Russian Federation in which the Group operates, including tax legislation, is subject to varying interpretations and frequent changes.

The Group's management is confident that all necessary tax accruals have been made and, accordingly, no additional provision is required in the accounts.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences. Deferred tax on revalued non-depreciable tangible fixed assets and investment properties is measured using the rates and allowances that apply to the sale of the asset.

Foreign currencies

Assets and liabilities in foreign currencies are translated into euro at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into euro at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Leases

Leases are recognised as finance leases. The lease liability is initially recognised at the present value of the lease payments which have not yet been made and subsequently measured under the amortised cost method. The initial cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, lease payments made prior to the lease commencement date, initial direct costs and the estimated costs of removing or dismantling the underlying asset per the conditions of the contract.

Where ownership of the right-of-use asset transfers to the lessee at the end of the lease term, the right-of-use asset is depreciated over the asset's remaining useful life. If ownership of the right-of-use asset does not transfer to the lessee at the end of the lease term, depreciation is charged over the shorter of the useful life of the right-of-use asset and the lease term.

Adoption of new and revised standards

The following changes to the IFRS conceptual framework and accounting standards were adopted at the beginning of 2020. The following changes did not have an impact on the financial statements:

New of amended standard or interpretation	Issue date – effective for accounting periods beginning on or after 1 January 2020
Amendments to References to Conceptual Framework in IFRS Standards	
Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform	
Annual improvements to IFRS Standards 2015-2017 Cycle	12 December 2017
Amendments to IAS 19: Plan Amendment, Curtailment or settlement	7 February 2018
Amendments to IAS 28: Long term Interests in Associates and Joint Ventures	12 October 2017
IFRIC 23: Uncertainty over Income Tax Treatments	7 June 2017
Amendments to IFRS 9: Prepayment Features with Negative Compensations	12 October 2017

New and revised IFRSs in issue but not yet effective

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

— Amendments to references to Conceptual framework in IFRS Standards, effective from 1 January 2020

— Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

— IFRS 3: Definition of a Business, effective from 1 January 2020

— IAS 1 and IAS 8: Definition of Material, effective from 1 January 2020

— Amendments to IAS 21 and IAS 29

— Amendments to IFRS 16 Leases: COVID-19 Related Rent Concessions

New standards for 2021

The following amendments are expected to be issued:

— Amendments to IFRS 17: Insurance Contracts

— Amendments to IAS 1: Presentation of financial instruments; effective for periods beginning on or after 1 January 2021

— Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16 in relation to interest rate benchmark reform – phase 2, effective for periods beginning on or after 1 January 2021.

The above amendments and interpretations are not expected to have a significant effect impact on the Group's results.

Cash and cash equivalents

Included within cash and cash equivalents are crypto-currencies held in separate wallets. The crypto-currencies are not held for a long time period and not determined to be intangible assets or inventories.

Financial liabilities

The Group does not have financial liabilities that would be classified as fair value through the profit or loss. Therefore, all financial liabilities are classified as other financial liabilities.

The Group use the amortised cost method for financial liabilities include borrowings, trade and other payables and are recognised at their original amount.

3. REVENUE

Revenue from contracts with customers

Turnover by business class

	2020	2019
	€	€
Product sales and sales of tickets	482,162	539,997
Sponsorship received	2,027,081	3,927,817
Royalties Received	7,615	8,709
Total Revenue	2,516,858	4,476,523

By geographical area

	2020	2019
	€	€
United Kingdom	2,257,369	3,927,386
Russia	165,758	434,581
United States of America	8,071	33,141
Other	85,660	81,415
Total Revenue	2,516,858	4,476,523

4. EMPLOYEES AND DIRECTORS

	31/12/20	31/12/19 as restated
	€	€
Wages and salaries	177,028	310,037

The average number of employees during the year was as follows:

	31/12/20	31/12/19 as restated
Group – average employee numbers	11	19

Wages and salaries of €150,804 (2019: €234,785) included in the figure above are included in cost of sales. The directors received consultancy fees for 2020 of €149,874.

	31/12/20	31/12/19 as restated
	€	€
Directors' remuneration	6,658	11,332

5. NET FINANCE COSTS

	31/12/20	31/12/19 as restated
Finance income:	€	€
Loan interest received	4,399	16,274
Other interest receivable	603,028	120,481
	607,427	136,755
Finance costs:		
Other loan interest	291,355	382,692
Fair value of share incentives provided	3,200,000	—
	3,491,355	382,692
Net finance costs	2,883,928	245,937

6. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging/(crediting):

	31/12/20	31/12/19 as restated
	€	€
Cost of inventories recognised as expense	967,741	2,484,389
Depreciation – owned assets	18,613	30,397
Depreciation – assets on finance leases	35,341	78,356
Exclusive FIDE rights amortisation	110,529	110,529
Licence amortisation	5,000	—
Website amortisation	163,698	100,833
Auditors' remuneration	31,574	21,872
Foreign exchange differences	311,807	(30,188)

7. INCOME TAX

Analysis of tax income

	31/12/20 €	31/12/19 as restated €
Current tax:		
Corporation tax	4,860	3,976
Deferred tax	(429,624)	(26,049)
Total tax income in consolidated statement of profit or loss and other comprehensive income	(424,764)	(22,073)

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31/12/20 €	31/12/19 as restated €
Loss before income tax	(3,585,456)	(136,628)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2019 – 19%)	(681,237)	(25,959)
Effects of:		
Deferred tax	(432,351)	(26,049)
Depreciation in excess of capital allowances	78,096	29,935
Non-taxable expenses	610,728	—
Tax income	(424,764)	(22,073)

The deferred tax represents tax losses available to carry forward against future trading profits.

8. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was €(3,513,349) (2019 – €(2,478,792)).

9. PRIOR YEAR ADJUSTMENT

A prior year adjustment has been made to the financial statements of World Chess Events Limited for the year ended 31 December 2019 to reflect a crypto-currency balance of €203,001 held in a crypto wallet that had previously been omitted.

10. GOODWILL

Group

	€
COST	
At 1st January 2020	
And 31st December 2020	142,474
NET BOOK VALUE	
At 31st December 2020	142,474
COST	
At 1st January 2019	6,728
Additions	160,999
Impairments	(25,253)
At 31st December 2019	142,474
NET BOOK VALUE	
At 31st December 2019	142,474

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The carrying value of the goodwill arose on the acquisition of World Chess US Inc, World Chess RUS LLC and World Chess Digital Limited.

The key assumptions in assessing the recoverable amount of this goodwill are the growth in the total ticket sales from chess events worldwide and online gaming chess players within both online and offline markets. These assumptions have been determined by using a combination of long-term trends, industry forecasts and in-house estimates.

11. INTANGIBLE ASSETS

Group

	Exclusive FIDE rights €	Licence €	Website €	Totals €
At 1st January 2020	1,105,291	—-	1,341,460	2,446,751
Additions	—	25,000	364,827	389,827
At 31st December 2020	1,105,291	25,000	1,706,287	2,836,578
AMORTISATION				
At 1st January 2020	331,587	—	195,572	527,159
Amortisation for year	110,529	5,000	163,698	279,227
At 31st December 2020	442,116	5,000	359,270	806,386
NET BOOK VALUE				
At 31st December 2020	663,175	20,000	1,347,017	2,030,192

Group

	Exclusive FIDE rights €	Website €	Totals €
COST			
At 1st January 2019	1,105,291	901,404	2,006,695
Additions	—	440,056	440,056
At 31st December 2019	1,105,291	1,341,460	2,446,751
AMORTISATION			
At 1st January 2019	221,058	94,739	315,797
Amortisation for year	110,529	100,833	211,362
At 31st December 2019	331,587	195,572	527,159
NET BOOK VALUE			
At 31st December 2019	773,704	1,145,888	1,919,592

12. PROPERTY, PLANT AND EQUIPMENT

Group

	Right of use asset €	Fixtures and fittings €	Computer equipment €	Totals €
COST				
At 1st January 2020	411,942	143,391	1,698	557,031
Disposals	—	(42,648)	—	(42,648)
Exchange differences	—	36,203	—	36,203
At 31st December 2020	411,942	136,946	1,698	550,586
DEPRECIATION				
At 1st January 2020	221,165	48,198	1,132	270,495
Charge for year	35,341	18,046	566	53,954
Exchange differences	98,604	—	—	98,604
At 31st December 2020	355,110	66,244	1,698	423,053
NET BOOK VALUE				
At 31st December 2020	56,832	70,702	—	127,533

Group

	Right of use asset €	Fixtures and fittings €	Computer equipment €	Totals €
COST				
At 1st January 2019	411,942	107,640	1,698	521,280
Additions	—	28,208	—	28,208
Exchange differences	—	7,543	—	7,543
At 31st December 2019	411,942	143,391	1,698	557,031
DEPRECIATION				
At 1st January 2019	174,058	18,367	566	192,991
Charge for year	78,356	29,831	566	108,753
Exchange differences	(31,249)	—	—	(31,249)
At 31st December 2019	221,165	48,198	1,132	270,495
NET BOOK VALUE				
At 31st December 2019	190,777	95,193	566	286,536

13. INVESTMENTS

Company

	Shares in group undertakings €
COST	
At 1st January 2020	51,616
Additions	100,000
At 31st December 2020	151,616
NET BOOK VALUE	
At 31st December 2020	151,616
At 31st December 2019	51,616

Company

	Shares in group undertakings €
COST	
At 1st January 2019	1,616
Additions	50,000
At 31st December 2019	51,616
NET BOOK VALUE	
At 31st December 2019	51,616

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiaries

World Chess Events Limited

Registered office: The Pinnacle, 170 Midsummer Boulevard, Milton Keynes, Buckinghamshire, United Kingdom, MK9 1BP

Nature of business: Organising chess events (Worldwide)

	% holding
Class of shares:	
Ordinary	100.00

World Chess US, Inc

Registered office: 1201 N. Orange Street, Suite 762, Wilmington, New Castle County, DE, USA 19801

Nature of business: Organising chess events (USA), online chess

	% holding
Class of shares:	
Ordinary	100.00

World Chess Rus LLC

Registered office: 123242, Moscow, Kudrinskaya Square, 1 room XIIB

Nature of business: Organising chess events, chess club activities

	% holding
Class of shares:	
Ordinary	100.00

World Chess Digital Limited

Registered office: 21st Floor, Tay Chau Building, 262 Des Voeux Road Central, Hong Kong

Nature of business: Operation of online chess platform

	% holding
Class of shares:	
Ordinary	100.00

During the year, World Chess PLC provided a capital contribution to World Chess RUS LLC for €100,000.

14. LOANS AND OTHER FINANCIAL ASSETS

Group

	Loans to other participating interests €
At 1st January 2020	6,100
Repayment in year	(6,100
At 31st December 2020	—
At 1st January 2019	101,281
Repayment in year	(95,181)
At 31st December 2019	6,100

15. INVENTORIES

Group

	31/12/20 €	31/12/19 as restated €
Stocks	**58,589**	**82,407**

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31/12/20 €	31/12/19 as restated €	31/12/20 €	31/12/19 as restated €
Current:				
Trade debtors	15,337	495,563	—	—
Other debtors	64,422	3,638	137	—
Prepayments and accrued income	400,176	23,437	—	—
	479,935	522,638	137	—
Non-current:				
Amounts owed by participating interests	—	9,341	—	—
Amounts owed by group undertakings	—	—	597,926	1,059,834
Other debtor	585,379	—	—	—
	585,379	9,341	597,926	1,059,834
Aggregate amounts	1,065,314	531,979	598,063	1,059,834

17. INVESTMENTS

	Group	
	31/12/20 €	31/12/19 as restated €
Other	**—**	**159,263**

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	31/12/20 €	31/12/19 as restated €	31/12/20 €	31/12/19 as restated €
Cash in hand	121	999	—	—
Bank accounts	521,206	1,010,335	100,044	59,745
	521,327	1,011,334	100,044	59,745

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	**Class:**	**Nominal value:**	**31/12/20 €**	**31/12/19 as restated €**
56,690	Ordinary	£1	64,219	64,219

20. RESERVES

Retained earnings comprises of the brought forward cumulative profit and loss balances carried forward from previous accounting periods.

Share premium comprises of 56,690 nominal shares which represents funds generated from shareholders as a return for their partial ownership of the company.

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

21. TRADE AND OTHER PAYABLES

	Group		Company	
	31/12/20	31/12/19 as restated	31/12/20	31/12/19 as restated
	€	€	€	€
Current:				
Trade Creditors	145,213	—	10,379	24,371
Amounts owed to participating interests	46,987	—	—	—
Social security and other taxes	7,849	18,322	—	—
Other creditors	3,218,727	15,048	3,201,376	1,376
Net wages outstanding	—	1,846	—	—
Accruals and deferred income	2,037,404	1,214,495	16,982	11,236
Directors' current accounts	112,232	238	238	238
VAT	180,975	177,187	—	—
	5,749,387	1,427,136	3,228,975	37,221

22. FINANCIAL LIABILITIES – BORROWINGS

Group

	31/12/20	31/12/19 as restated
	€	€
Current:		
Other loans	18,037	646,168
Leases (see note 23)	52,148	71,670
	70,185	717,838
Non-current:		
Other loans – 1-2 years	2,064,236	2,264,097
Leases (see note 23)	19,470	136,380
	2,083,706	2,400,477

Terms and debt repayment schedule

Group

	1 year or less	1-2 years	Totals
	€	€	€
Other loans	18,037	2,064,236	2,082,273
Leases	52,148	19,470	71,618
	70,185	2,083,706	2,153,891

Loans due greater than one year, €2,064,236 (2019:2,264,097) accrues interest charged at 11.5%. The loan is secured by collateral put up by a partner company. See note 29. The collateral is held in cryptocurrency and in accordance with contract, interest receivable on the collateral is recognised by World Chess Events Limited.

23. LEASING

Group

Right-of-use assets

Property, plant and equipment

	31/12/20 €	31/12/19 as restated €
COST		
At 1st January 2020	411,942	411,942
DEPRECIATION		
At 1st January 2020	221,165	174,058
Charge for year	35,341	78,356
Exchange differences	98,604	(31,249)
	355,110	221,165
NET BOOK VALUE	56,832	190,777

All leases are accounted for in accordance with IFRS 16 Leases.

	31/12/2020 €	31/12/2019 €	31/12/2018 €
Right-of-use asset	56,832	190,777	237,884
Financial liability	71,619	208,050	249,912

Right of use asset recognised under IFRS 16 is for a lease term of 5 years ending on 30/04/2022 with an effective interest rate of 10.65%. Total finance lease interest for 2020: €7,450 (2019: €23,195).

In connection with the agreement reached with the lessor to reduce the fixed payments under the lease agreement from 1 April 2020 to 31 December 2021 due to COVID-19, the adjustments were made to the valuation of the financial obligation and asset in the form of rights of use in 2020.

The changes in leases in the year ended 31 December 2020 and 2019 are as follows:

Lease liabilities	
At 31 December 2019	208,050
Payment of rent	(37,010)
Interest	7,450
Reduction due to renegotiation with landlord	(167,387)
Exchange variation	(11,103)
At 31 December 2020	71,619

Right of use assets relating to lease properties are presented as property, plant and equipment and amortised to the end of the lease term.

Group

Lease liabilities

Minimum lease payments fall due as follows:

	31/12/20 €	31/12/19 as restated €
Gross obligations repayable:		
Within one year	58,557	88,800
Between one and five years	19,750	144,698
	78,307	233,498
Finance charges repayable: Within one year	6,409	17,130
Between one and five years	280	8,318
	6,689	25,448
Net obligations repayable: Within one year	52,148	71,670
Between one and five years	19,470	136,380
	71,618	208,050

24. FINANCIAL INSTRUMENTS

All financial instruments are measured at amortised cost and financial instruments used by the Group, from which financial instrument risk arises are as follows:

— trade and other payables

— cash and cash equivalents; and

— trade and other receivables

The main purpose of these financial instruments is to finance the Group's operations.

	2020 €	2019 €
Other financial assets		
Loans and receivables		
Inventories	58,598	82,407
Trade and other receivables less than one year	1,065,313	522,638
Trade and other receivables greater than one year	—	9,341
Cash and cash equivalents	521,327	1,011,334
Total investments	—	159,263
Tangible and intangible fixed assets	2,243,369	2,157,825
Deferred tax	495,985	27,757
Total financial assets	4,384,592	3,976,788

	€	€
Other financial liabilities		
Interest bearing loans and borrowings less than one year	70,185	717,838
Trade and other payables less than one year	2,549,385	1,427,136
Interest bearing loans and borrowings less than one year	2,083,706	2,400,477
Tax payable	—	3,966
Total financial liabilities	4,703,276	4,549,417

The Directors consider that the carrying value for each class of financial asset and liability, approximates to their fair value.

The following financial instruments are recognised at fair value

Right of use asset	56,832	190,777

Financial risk management

The Group's activities expose it to a variety of risks, including market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group manages these risks through an effective risk management programme, and , through this programme, the Board seeks to minimise the potential adverse effects on the Group's financial performance.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer to a financial instrument fails to meet its contractual obligations. The Group's credit risk is primarily attributable to its receivables and its cash deposits. It is Group policy to assess the credit risk of new customers before entering contracts.

Liquidity risk and interest rate risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

Foreign currency risk

The Group's exposure to foreign currency risk is limited; as most of its invoicing and payments are denominated in Euro. The Group identifies and manages currency risks using an integrated approach that takes into account the possibility of natural (economic) hedging. For the purpose of short-term management of currency risk, the Group selects the currency to reduce the open currency position (the difference between assets and liabilities in foreign currencies).

Analysis of sensitivity of financial instruments to foreign currency exchange rate risk

Currency risk is assessed monthly using sensitivity analysis and maintained within parameters approved in accordance with the Group's policy. At the reporting date, the effect of the Euro's growth/(depreciation) against other currencies in the Group's profit/(loss) before tax is not significant.

Receivable impairments

Under IFRS 9, expected credit loss model, a loss allowance for lifetime expected credit losses is recognised for a financial instrument if there has been a significant increase in credit risk since initial recognition of the financial asset. The group has recognised a loss allowance within the year comprising of a balance of £430,008.

25. DEFERRED TAX

Group

	31/12/20	**31/12/19 as restated**
	€	**€**
Balance at 1st January	(27,757)	(483)
Movement in current year	(423,341)	(27,274)
Balance at 31st December	(451,098)	(27,757)

There are additional corporation tax losses available to the Group which at the current tax rate would provide an additional deferred tax asset of €349,788. This has not been recognised in the financial statements.

26. CONTINGENT LIABILITIES

The Group has an ongoing legal claim, against an advertising company, for services that were not delivered in accordance with a contract. The director has considered legal counsels view and deemed that the invoice is not payable. If the claim is unsuccessful then the invoice, amounting to €1,140,000, will become payable.

27. RELATED PARTY DISCLOSURES

The following represent transactions with shareholders of World Chess PLC – Included in other investments €nil (2019: 159,263 are balances owing from; Publishing Company Board of Directors – €nil (2019: €150,247), IE M.O. Shekhovtsov – €nil (2019: €3,655), A.V Gomanova – €nil (2019: €3,026), Shekhovtsov & Partners – €nil (2019: €2,336) and I.L. Merenzon – €nil (2019: €nil).

Included in trade and other receivables, non-current, there are balances owing of €nil (2019: €9,341) from World Chess BVI, a company with a common director and within loans and other financial assets a balance of €nil (2019: €6,100) from T Pretendentov.

Included in trade and other payables are balances owing to; Public Space – €18,037 (2019: €348,012), Interest was payable to Public Space for €10,293 (2019: €9,090). The balance was paid in full on 1 June 2021.

Included in amounts owing to participating interests is a loan from Prytek for €46,987.

The key management of the Group includes the General Director of World Chess RUS LLC. The amount of remuneration for 2020 paid was €6,658 (2019: 4,132) plus social security of €2,078 (2019: €1,280).

28. EVENTS AFTER THE REPORTING PERIOD

During the year, Prytek Investment Holdings PTE Ltd (Prytek) , were provided with the opportunity to acquire 7,731 shares at par, as part of an agreement to offset the repayment of a loan provided by Prytek with a sponsorship agreement. At the balance sheet date the fair value of the incentive (€3.2m) has been included in the profit and loss account and also in other creditors due in less than one year. Since the year end, World Chess PLC triggered a clause in the agreement between the two parties to cancel the share incentive and incur a penalty of €3.2m. This penalty was settled in full by the end of May 2021.

29. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is I Merenzon.

30. SHARE-BASED PAYMENT TRANSACTIONS

In exchange for providing collateral (of 33m Algo's) for a loan in World Chess Events Ltd, the Company had granted an option to Algorand Cayman SEZX to purchase 2,224 ordinary shares or c. 4% of the Company. The option had a vesting period up to February 2022.

After the reporting date, the option was exercised and World Chess Plc issued 2,474 shares (by mutual agreement the amount of shares was increased) in exchange for $2,400,275.
At the balance sheet date this converts to €1,964,865.

WORLD CHESS PLC

Incorporated in England and Wales with Registered Number: 10589323

GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2019

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2019

COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2019

DIRECTORS	I Merenzon M Shekhovtsov
SECRETARY	M Shekhovtsov
REGISTERED OFFICE	The Pinnacle 170 Midsummer Boulevard Milton Keynes MK9 1BP
REGISTERED NUMBER	10589323 (England and Wales)
AUDITORS	HW East Midlands Audit LLP Statutory Auditors Woburn Court, 2 Railton Rd Woburn Road Ind Est Kempston Bedfordshire MK42 7PN
ACCOUNTANTS	Panton Accountancy Services Limited The Pinnacle 170 Midsummer Boulevard Milton Keynes MK9 1BP

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2019

The directors present their strategic report of the company and the group for the year ended 31st December 2019.

REVIEW OF BUSINESS

The Group business includes the organization of top-level chess tournaments, operation of online chess gaming and broadcasting platform and other chess related activities. The unique proposal of the company is based largely on the strong established brand, wide line-up of chess products, strong network of partners and exclusive commercial arrangements with the International Chess Federation.

The main source of revenue for the year 2019 was the sale of sponsorship for SIDE Grand Prix Series, which form part of the World Chess Championship Cycle. During the year, the Group subsidiaries have launched several new products, including the pilot of the new tournament format adopted for TV – World Chess Armageddon Series. The Group has also increased its activities in the digital sector and has allocated significant resources for further development of its online products – including the preparation for the launch of its online gaming platform.

The Group plans to concentrate its activities next year on the development of digital products as well as its fundraising effort with an ultimate aim to publicly listing of the holding company. The expected activity in relation to offline tournaments is limited due to COVID-19 pandemic break-out and most of such activities are postponed until year 2021.

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive risks

The Group is exposed to the competitive risks on the market as there are other companies involved in organisation of chess tournaments and provision of auxiliary services. However, due to direct contractual relationship with World Chess Federation (FIDE), established brand and a strong partner network, it holds a unique position to develop products for top level chest tournaments.

Financial instrument risks

The Group has established a risk and financial management framework whose primary objectives are to protect the company from events that hinder the achievement of the company's performance objectives.

Going concern risks

COVID-19 has posed a significant threat to trade across the World. Social distancing measures imposed by many countries across the globe has restricted the ability of the company to host events in 2020. Whilst this will ultimately have resulted in a loss of Revenue for the trading subsidiaries the impact has been mitigated by the increase of the online presence of the Company – launching online gaming platform, securing corporate sponsorship for online events.

ON BEHALF OF THE BOARD:

....

I Merenzon – Director

Date: August 6, 2020

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2019

The directors present their report with the financial statements of the company and the group for the year ended 31st December 2019.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st January 2019 to the date of this report.

I Merenzon

M Shekhovtsov

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

— select suitable accounting policies and then apply them consistently;

— make judgements and accounting estimates that are reasonable and prudent;

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any tinte the financial position of *the* company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors *are* unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, HW East Midlands Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2019

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

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I Merenzon - Director

Date: August 6, 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WORLD CHESS PLC

Opinion

We have audited the financial statements of World Chess PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31st December 2019 which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

— the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31st December 2019 and of the group's loss for the year then ended;

— the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

— the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

— the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (US) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the US with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and wider economy. The Directors' view on the impact of COVID-19 is disclosed in the accounting policies.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006 In our opinion, based on the work undertaken in the course of the audit:

— the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and

— the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

— adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

— the parent company financial statements are not in agreement with the accounting records and returns; or

— certain disclosures of directors' remuneration specified by law are not made; or

— we have not received all the information and explanations we require for our audit; or

— the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Group Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 147, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in *accordance* with Chapter 3 of Part 16 of *the* Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alberto Di Lorenzo FCA (Senior Statutory Auditor)
for and on behalf of HW East Midlands Audit LLP
Statutory Auditors
Woburn Court, 2 Railton Rd Woburn Road Ind Est Kempston
Bedfordshire MK42 7PN
Date:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31ST DECEMBER 2019

	Notes	31/12/19 €	31/12/18 as restated €
CONTINUING OPERATIONS			
Revenue		4,476,523	3,168,813
Cost of sales		(2,484,389)	(5,245,991)
GROSS PROFIT/(LOSS)		1,992,134	(2,077,178)
Other operating income		174,723	32,082
Administrative expenses		(2,210,225)	(1,881,786)
Other operating expenses		(50,324)	(33,340)
OPERATING LOSS		(93,692)	(3,960,312)
Finance costs		(382,692)	(49,875)
Finance income	4	136,755	92,281
LOSS BEFORE INCOME TAX	5	(339,629)	(3,917,906)
Income tax		22,073	(1,862)
LOSS FOR THE YEAR		(317,556)	(3,919,768)
Loss attributable to: Owners of the parent		(317,556)	3 919 76

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2019

	31/12/19 €	31/12/18 as restated €
LOSS FOR THE YEAR	(317,556)	(3,919,768)
OTHER COMPREHENSIVE INCOME	—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(317,556)	
Prior year adjustment		233,731
TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT		(3,686,037)
Total comprehensive income attributable to:		
Owners of the parent	(317,556)	(366,037)

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31ST DECEMBER 2019

	Notes	31/12/19 €	31/12/18 as restated €
ASSETS			
NON-CURRENT ASSETS			
Goodwill	9	142,474	6,230
Owned			
Intangible assets	10	1,919,592	1,690,898
Property, plant and equipment	11	95,759	90,405
Right-of-use			
Property, plant and equipment	11, 22	190,777	237,884
Investments	12	—	—
Loans and other financial assets	13	6,100	101,281
Trade and other receivables	15	9,341	9,249
Deferred tax	24	27,757	483
		2,391,800	2,136,430
CURRENT ASSETS			
Inventories	14	82,407	120,097
Trade and other receivables	l5	563,008	1,137,822
Tax receivable		123	—
Investments	16	159,263	101,619
Cash and cash equivalents	17	767,962	185,824
		1,572,763	1,545,362
TOTAL ASSETS		3,964,563	3,681,792
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	18	64,219	64,219
Share premium	19	3,552,069	3,552,069
Translation reserve	19	16,663	24,916
Retained earnings	19	(4,217,804)	(3,900,248)
TOTAL EQUITY		(584,853)	(259,044)

The notes form part of these financial statements

	Notes	31/12/19 €	31/12/18 as restated €
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	20	—	3,316,141
financial liabilities – borrowings			
Interest bearing loans and borrowings	21	2,400,477	224,087
		2,400,477	3,540,228
CURRENT LIABILITIES			
Trade and other payables	20	582,745	271,351
Financial liabilities – borrowings			
Interest bearing loans and borrowings	21	1,562,228	127,131
Tax payable		3,966	2,1 26
		2,148,939	400,608
TOTAL LIABILITIES		4,549,416	3,940,836
TOTAL EQUITY AND LIABILITIES		3,964,563	3,681,792

The financial statements were approved by the Board of Directors and authorised for issue on August 6, 2020

and were signed on its behalf by:

I Merenzon - Director

The notes form part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION
31ST DECEMBER 2019

	NOTES	31/12/19 €	31/12/18 as restated €
ASSETS			
NON-CURRENT ASSETS			
Goodwill	9	—	—
Owned			
Intangible assets	10	—	—
Property, plant and equipment	11	—	—
Right-of-use			
Investments	12	51,616	1,616
Loans and other financial assets	13	—	—
Trade and other receivables	15	1,059,834	3,625,334
		1,111,450	3,626,950
CURRENT ASSETS			
Tax receivable		123	—
Cash and cash equivalents	17	59,745	468
		59,868	468
TOTAL ASSETS		1,171,318	3,627,418
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	18	64,219	64,219
Share premium	19	3,552,069	3,552,069
Retained earnings	19	(2,482,191)	(3,399)
TOTAL EQUITY		1,134,097	3,612,889
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	20	37,221	12,752
Tax payable		—	1 ,777
		37,221	14,529
TOTAL LIABILITIES		37,221	14,529
TOTAL EQUITY AND LIABILITIES		1,171,318	3,627,418

The notes form part of these financial statements

The financial statements were approved by the Board of Directors and authorised for issue on and were signed *or* its behalf by:

August 6, 2020

....
I Merenzon - Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2019

	Called up share capital €	Retained earnings €	Share premium €	Translation reserve €	Total equity €
Balance at 1st January 2018	59,759	(214,211)	1,062,571	24,916	933,035
Prior year adjustment	—	233,731	—	—	233,731
As restated	59,759	19,520	1,062,571	24,916	1,166,766
Changes in equity Issue of share capital	4,460	—	2,489,498	—	2,493,958
Total comprehensive income	—	3 919 768)	—	—	(3,919,768)
Balance at 31st December 2018	64,219	(3,900,248)	3,5 52,069	24,916	(259,044)
Changes in equity					
Total comprehensive income	—	(317,556)	—	(8,253)	(325,809)
Balance **at 31st December 2019**	64,219	(4,217,804)	3,552,069	16,663	(584,853)

The notes form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2019

	Called up share capital	Retained earnings	Share premium	Total equity
Balance at 1st January 2018	59,642	(10,829)	1,062,571	1,111,384
Changes in equity Issue of share capital	4,577	—	2,489,498	2,494,075
Total comprehensive income	—	7,430	—	7,430
Balance at 31st December 2018	64,219	(3,399)	3,552,069	3,612,889
Changes in equity				
Total comprehensive income	—	(2,478,792)	—	(2,478,792)
Balance at 31st December 2019	64,219	(2,482,191)	3,552,069	1,134,097

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2019

		31/12/19 €	31/12/18 as restated €
Cash flows from operating activities			
Cash generated from operations	1	1,195,756	(4,682,487)
Interest paid		(382,692)	(49,875)
Tax paid		(3,484)	—
Net cash from operating activities		809,580	(4,577,510)
Cash flows from investing activities			
Purchase of goodwill		(160,999)	(6,728)
Purchase of intangible fixed assets		(440,056)	(585,608)
Purchase of tangible fixed assets		(35,751)	(521,280)
Interest received		136,755	92,281
Net cash from investing activities		(500,051)	(1,021,335)
Cash flows from financing activities			
New loans in year		5,479,871	3,095,469
Loan repayments in year		(5,142,662)	—
New loans issued in year		(57,644)	(100,256)
Payment of lease liabilities		(41,863)	—
Amount introduced by directors		38,151	3,244
Amount withdrawn by directors		(3,244)	(37,913)
Share issue		2,818,410	
Net cash from financing activities		272,609	5,778,954
Increase/(decrease) in cash and cash equivalents		582,138	180,109
Cash and cash equivalents at beginning of year	2	185,824	5,715
Cash and cash equivalents at end of year	2	767,962	185,824

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2019

1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	31/12/19	31/12/18 as restated
	€	€
Loss before income tax	(339,629)	(3,917,906)
Depreciation charges	313,658	509,286
Other reserves	(8,290)	24,916
Finance costs	382,692	49,875
Finance income	(136,755)	(92,281)
	211,676	(3,761,265)
Decrease/(increase) in inventories	37,690	(108,319)
Decrease/(increase) in trade and other receivables	631,990	(494,212)
Increase in trade and other payables	314,400	(163,839)
Cash generated from operations	1,195,756	(4,527,635)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31st December 2019

	31/12/19	1/1/19
	€	€
Cash and cash equivalents	797,962	185,824

Year ended 31st December 2018

	31/12/18 As restated	1/1/18
	€	€
Cash and cash equivalents	185,824	5,715

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

1. STATUTORY INFORMATION

World Chess PLC is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 3006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in Euro which is the functional currency of the company and rounded to the nearest €.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The financial statements have been prepared on a going concern basis. The Directors have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. In particular in response to the COVID-19 pandemic, the Directors have adjusted working patterns to enable production to continue whilst keeping a safe working environment. The Directors have tested their cash flow analysis to take into account the impact on the business of possible scenarios brought on by the impact of COVID-19, alongside the measures that they can take to mitigate the impact. Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the Directors have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

Reliance is placed on the following considerations:

a) the majority shareholder continuing to support the entity.

b) the interest of the inventors in the project and fundraising activities of the Company.

c) loan to sponsorship conversion arrangement reached in 2020 by one of the subsidiaries.

d) Introduction of new sources of revenue (online gaming, sponsorship of online tournaments, etc.).

More detail can be found in Note 27.

Basis of consolidtation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of dying the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results ultimately may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The material areas in which estimates and judgements are applied as follows:

Goodwill and other intangible assets impairment

The Group is required to test, on an annual basis, whether goodwill and other intangible assets have suffered any impairment. Determining whether there has been any impairment requires an estimation of the fair value in use of the cash-generating units. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

Revenue recognition

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measures. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

— The Company has transferred the significant risks and rewards of ownership to the buyer;

— The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

— The amount of turnover can be measured reliably; It is probable that the Company will receive the consideration due under the transaction; and

— The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

— The amount of turnover can be measured reliably;

— It is probable the company will receive the consideration due under the contract;

— The stage of completion of the contract at the end of the reporting period can be measured reliably; and

— The costs incurred and the costs to complete the contract can be measured reliably.

Goodwill

Goodwill is recorded as an intangible asset and is the surplus of the cost of acquisition over the fair value of' identifiable net assets acquired. Goodwill is reviewed annually for impairment. Any impairment identified as a result of the review is charged in the statement of profit or loss and other comprehensive income.

Other intangible assets

The Group have exclusive rights to organise and host world chess events in association with The World Chess Federation (FIDE). The Group also has developed and capitalised website costs. Both these assets are amortised over a straight line period over the useful life of the agreement held with FIDE until 2027.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Fixtures and fittings	Straight line over 5 years
Computer equipment	Straight line over 3 years

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into euro at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into euro at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Leases

Leases are recognised as finance leases. The lease liability is initially recognised at the present value of the lease payments which have not yet been made and subsequently measured under the amortised cost method. The initial cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, lease payments made prior to the lease commencement date, initial direct costs and the estimated costs of removing or dismantling the underlying asset per the conditions of the contract.

Where ownership of the right-of-use asset transfers to the lessee at the end of the lease term, the right-of-use asset is depreciated over the asset's remaining useful life. If ownership of the right-of-use asset does not transfer to the lessee at the end of the lease term, depreciation is charged over the shorter of the useful life of the right-of-use asset and the lease term.

Adoption of new and revised standards

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and had not been adopted by the EU:

New of amended standard or interpretation	Effective date – for acounting periods begining on or after
Amendments to IFRS 3 Definition of business	1 January 2020
Amendments to IAS 1 and IAS 8 Definition to Material	1 January 2020

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2019:

— IFRS 16 Leases

Transition to IFRS 16

As of 1 January 2019, the Group has adopted the accounting standard IFRS 16 Leases. IFRS 16, effective from 1 January 2019 modifies the set of international accounting principles and interpretations on leases, in particular, IAS 17. IFRS 16 introduces a new definition for leases and confirms the distinction between two types of leases (operating and finance) with reference to the accounting treatment to be applied by the lessor.

The financial effect of the adoption of the new accounting standard is detailed in note 20.

Financial liabilities

The Group does not have financial liabilities that would be classified as fair value through the profit or loss. Therefore, all financial liabilities are classified as other financial liabilities.

The Group's financial liabilities include borrowings, trade and other payables and are recognised at their original amount.

3. EMPLOYEES AND DIRECTORS

	31/12/19 €	31/12/18 As restated €
Wages and salaries	310,037	119,877

The average number of employees during the year was as follows:

	31/12/19	31/12/18 As restated
Group – average employee numbers	19	9

	31/12/19 €	31/12/18 As restated €
Directors' renumeration	11,332	3,812

4. NET FINANCE COSTS

	31/12/19 €	31/12/18 As restated €
Finance income:		
Loan interest received	16,274	6,921
Other interest receivable	120,481	85,360
	136,755	92,281

	31/12/19 €	31/12/18 As restated €
Finance income:		
Other loan interest	382,692	49,875
Net finance costs	245,937	(42,406)

5. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging:

	31/12/19 €	31/12/18 As restated €
Costs of goods sold	2,484,389	5,245,991
Depreciation – owned assets	30,397	18,317
Depreciation – assets on finance	78,356	76,720
leases Patents and licences	110,529	110,529
Amortisation Computer software	100,833	47,369
Amortisations Auditors' renumeration	21,872	9,420
Foreign exchange differences	172,814	10,716

6. INCOME TAX

Analysis of tax (income)/expense

	31/12/19 €	31/12/18 As restated €
Current tax:		
Corporation Tax	3,976	3,167
Deferred Tax	(26,049)	(1,305)
Total tax (income)/expense in consolidated statement of profit or loss	(22,073)	1,862

7. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was C(2,478,792) (2018 – €7,430 profit).

The loss for the financial year is largely attributable to partial write-off of the debt to the subsidiary €●(2,500,000).

8. PRIOR YEAR ADJUSTMENT

Adjustments were made to correct bookkeeping errors in World Chess Events Limited regarding the financial year to 31 December 2017. The net effect on the statement of comprehensive income was C233,731.

9. GOODWILL

Group

COST	
At 1st January 2019	6,728
Additions	160,999
At 31st December 2019	167,727
AMORTISATION	
At 1st January 2019	498
Charge for year	24,755
At 31st December 2019	25,253
NET BOOK VALUE	
At 31st December 2019	142,474
At 31st December 2018	6,230

Group

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The carrying value of the goodwill arose on the acquisition of World Chess US Inc, World Chess RUS LLC and World Chess Digital Limited.

10. INTANGIBLE ASSETS

	Patents and licences €	Computer software €	Totals €
COST			
At 1st January 2019	1,105,291	901,404	2,006,695
Additions	—	440,056	440,056
At 31st December 2019	1,105,291	1,341,460	2,446,751
AMORTISATION			
At 1st January 2019	221,058	94,739	315,797
Amortisation for year	110,529	100,833	211,362
At 31st December 2019	331,587	195,572	527,159
NET BOOK VALUE			
At 31st December 2019	773,704	1,145,888	1,919,592
At 31st December 2018	884,233	806,665	1,690,898

11. PROPERTY, PLANT AND EQUIPMENT

Group

	Short leasehold €	Fixtures and fittings €	Computer equipment €	Totals €
COST				
At 1st January 2019	411,942	107,640	1,698	521,280
Additions	—	28,208	—	28,208
Exchange differences	—	7,543	—	7,543
At 31st December 2019	411,942	143,391	1,698	557,031
DEPRECIATION				
At 1st January 2019	174,058	18,367	566	192,991
Charge for year	78,356	29,831	566	108,753
Exchange differences	(31,249)	—	—	(31,249)
At 31st December 2019	221,165	48,198	1,132	270,495
NET BOOK VALUE				
At 31st December 2019	190,777	95,193	566	286,536
At 31st December 2018	237,884	89,273	1,132	328,289

Within short leasehold is an amount totalling €190,777 (2018: £237,884) for recognition of a right of use asset in line with IERS 16. The right of use asset is for lease premises for an office and bar accommodation.

12. INVESTMENTS

	Shares in group undertakings €
Company	
COST	
As at 1st January 2019	1,616
Additions	50,000
As at 31st December 2019	51,616
NET BOOK VALUE	
As at 31st December 2019	51,616
As at 31st December 2018	1,616

Company

The group or the company's investments at the Statement of financial Position date in the share capital of companies include the following:

Subsidiaries

World Chess Events Limited

Registered office: The Pinnacle, 170 Midsummer Boulevard, Milton Keynes, Buckinghamshire, United Kingdom, MK9 1BP

Nature of business: Organising chess events (Worldwide)

Class of Shares	% holding
Ordinary	100.00

World Chess US, Inc

Registered office: 1201 N. Orange Street, Suite 762, Wilmington, New Castle County, DE, USA 19801 Nature of business: Organising chess events (USA), online chess

Class of Shares	% holding
Ordinary	100.00

World Chess Rus LLC

Registered office: 123242, Moscow, Kudrinskaya Square, 1 room XIIB Nature of business: Organising chess events, chess club activities

Class of Shares	**% holding**
Ordinary	100.00

World Chess Digital Limited (formerly CNCweb Limited)

Registered office: 21st Floor, Tay Chau Building, 262 Des Voeux Road Central, Hong Kong Nature of business: Operation of online chess platform

Class of Shares	% holding
Ordinary	100.00

13. LOANS AND OTHER FINANCIAL ASSETS

Group	Loans to other Participating interests €
As at 1st January 2019	101,281
Repayment in year	(95,181)
As at 31st December 2019	6,100

14. INVENTORIES

	Group	
	31/12/19 €	31/12/18 As restated €
Stocks	82,407	120,097

15. TRADE AND OTHER RECEIVABLES

	31/12/19	31/12/18 as restated	31/12/19	31/12/18 as restated
Current:	€	€	€	€
Trade debtors	495,563	183,536	—	—
Other debtors	3,638	444,742	—	—
Directors' current accounts		37,913	—	—
VAT		384, 139	—	—
Prepayments and accrued income	63,807	87,492	—	—
	563,008	1 137 822	—	—
Non-current:				
Amounts owed by participating interests	9,341	9,249	—	—
Amounts owed by group undertakings	—	—	1,059,834	3,625,334
	9,341	9,249	1,059,834	3,625,334
Aggregate amounts	572,349	1,147,071	1,059,834	3,625,334

16. INVESTMENTS

	Group	
	31/12/19 €	31/12/18 As restated €
Other	159,263	101,619

Please see note 26 for details.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	31/12/19	31/12/18 As restated	31/12/19	31/12/18 As restated
	€	€	€	€
Cash in hand	999	18,223	—	—
Bank accounts	766,963	167,601	59,745	468
	767,962	185,824	59,745	468

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal Value:	31/12/19 €	31/12/18 As restated €
56,690	Ordinary	€1	64,219	64,219

19. RESERVES

Group

	Retained earnings €	Share premium €	Translation reserve €	Totals €
As at 1st January 2019	(3,900,248)	3,552,069	24,916	(323,263)
Deficit for year	(317,556)			(317,556)
Movement in reserves	—	—	(8,253)	(8,253)
As at 31st December 2019	(4,217,804)	3,552,069	16,663	(649,072)

Company

	Retained earnings €	Share premium €	Totals €
As at 1st January 2019	(3,399)	3,552,069	3,548,670
Deficit for year	(2,478,792)		(2,478,792)
As at 31st December 2019	(2,482,191)	3,552,069	1,069,878

20. TRADE AND OTHER PAYABLES

	Group		Company	
	31/12/19	31/12/18 as restated	31/12/19	31/12/18 as restated
	€	€	€	€
Current:				
Trade creditors	—	124,220	24,371	—
Social security and other taxes	18,322	22,381	—	—
Other creditors	15,048	10,398	1,376	1,376
Net wages outstanding	1,846	—	—	—
Accrued expenses	370,104	111,108	11,236	11,138
Directors' current accounts	238	3,244	238	238
VAT	177,187	—	—	—
	582,745	271,351	37,221	12,752
Non-current:				
Amounts owed to participating interests	—	3,316,141	—	—
	—	3,316,141	—	—
Aggregate amounts	582,745	3,587,492	37,221	12,752

21. FINANCIAL LIABILITIES – BORROWINGS

	Group	
	31/12/19	31/12/18 as restated
	€	€
Current:		
Other loans	1,490,558	63,700
Leases (see note 22)	71,670	63,431
	1,562,228	127,131
Non-current:		
Other loans – 1-2 years	2,264,097	37,605
Leases (see note 22)	136,380	186,482
	2,400,477	224,087

Terms and debt repayment schedule

Group

	1 year or less	1-2 years	2-5 years	More than 5 years	Totals
	€	€	€	€	€
Other loans	1,490,558	2,242,651	—	21,446	3,754,655
Leases	71,670	80,908	55,472	—	208,050
	1,562,228	2,323,559	55,472	21,446	3,962,705

22. LEASING

Right-of-use assets

Property, plant and equipment

	31/12/19	31/12/18 as restated
COST	€	€
At 1st January 2019 Reclassification/transfer	411,942	—
	411,942	—
	411,942	411,942
DEPRECIATION		
At 1st January 2019	174,058	55,076
Charge for year	78,356	76,720
Exchange differences	(3,129)	42,262
	221,165	174,058
NET BOOK VALUE	190,777	237,884

A11 leases are accounted for in 2019 in accordance with IFRS 16 Leases.

	31/12/2019	31/12/2018	31/12/2017
	€	€	€
Right—of-use asset	190,777	237,884	356,866
financial liability	208,050	249,912	359,638

Impact of retrospective application of IFRS 16 Leases is as follows:

	31/12/2018	31/12/2017
Deferred tax asset	**€**	**€**
	49,982	71,928
Deferred tax liability	47,577	71,373
Retained earnings	(10,591)	(2,318)
Other reserves	969	99
Rental costs	20,637	24,387
Interest costs	(30,978)	(27,284)
Deferred tax movement within profit of loss	2,068	579
IFRS 16 Overall impact on profit and loss and cash flow statement	(8,274)	(2,318)

Group
Lease liabilities
Minimum lease payments fall due as follows:

	31/12/19	31/12/18 as restated
	€	€
Gross obligations repayable: Within one year	88,800	88,800
Between one and five years	144,698	211,930
	233,498	300,730
Finance charges repayable: Within one year	17,130	25,369
Between one and five years	8,318	25,448
	25,448	50,817
Net obligations repayable: Within one year	71,670	63,431
Between one and five years	136,380	186,482
	208,050	249,913

23. FINANCIAL INSTRUMENTS

The principal financial instruments used by the Group, from which financial instrument risk arises are as follows:

— trade and other payables

— cash and cash equivalents; and

— trade and other receivables

The main purpose of these financial instruments is to finance the Group's operations.

	2019	2018
	€	**€**
Financial assets Loans and receivables		
Trade and other receivables	722,271	853.852
Cash and cash equivalents	767,962	188,793
Total loans and receivables Total financial assets	1,490,233	1,042,645

	2019	2018
	€	**€**
Financial liabilities		
Trade and other payables	1,173,073	3,743,428
Total financial liabilities		

The Directors consider that the carrying value for each class of financial asset and liability, approximates to their fair value.

Financial risk management

The Group's activities expose it to a variety of risks, including market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group manages these risks through an effective risk management programme, and, through this programme, the Board seeks to minimise the potential adverse effects on the Group's financial performance.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer to a financial instrument fails to meet its contractual obligations. The Group's credit risk is primarily attributable to its receivables and its cash deposits. It is Group policy to assess the credit risk of new customers before entering contracts.

Liquidity risk and interest rate risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

Foreign currency risk

The Group's exposure to foreign currency risk is limited; as most of its invoicing and payments are denominated in Euro.

24. DEFERRED TAX

Group

	31/12/19	**31/12/18 As restated**
	€	**€**
Balance at 1st January	(483)	1,922
Movement in current year	(27,274)	(2,405)
Balance at 31st December	(27,757)	(483)

25. CONTINGENT LIABILITIES

The Group has an ongoing legal claim, against an advertising company, for services that were not delivered in accordance with a contract. The director has considered legal counsels view and deemed that the invoice is not payable. If the claim is unsuccessful then the invoice, amounting to €1,140,000, will become payable.

26. RELATED PARTY DISCLOSURES

Included in trade and other receivables are balances owing from; Publishing Company Board of Directors – €150,247 (2018: €45,957), IE M.O. Shekhovtsov – €3,655 (2018: €nil), A.V Gomanova – €3,026 (2018: €nil), Shekhovtsov & Partners – €2,336 (2018: €nil) and I.L. Merenzon – €nil (2018: €55,662).

Included in trade and other receivables, non-current, there are balances owing of €9,341 (2018: €9,249) from World Chess BVI, a company with a common director and within loans and other financial assets a balance of €6,100 (2018: €6,019) from T Pretendentov. In 2018 there were also balances owing from Publishing Board of Directors – €66,798 and Shekhovtsov & Partners – €15,313.

Included in trade and other payables are balances owing to; Public Space – £348,012 (2018: €58,190), IE M.O. Shekhovtsov – €nil (2018: €1,734) and LL. Merenzon – €nil (2018: €3,775).

27. EVENTS AFTER THE REPORTING PERIOD

Since 31 December 2019 an agreement was signed to convert a loan outstanding to Prytek Limited into sponsorship income. The agreement, which was signed in April 2020, accounted for €2,375,000 of sponsorship income attributable for the period to 31 December 2019. This income has been accrued for in the financial statements for the period to 31 December 2019. The remaining €1,163,410 will be accounted for as sponsorship income in the period to 31 December 2020.

Some of World Chess events planned for 2020 have been postponed due to the COVID-19 pandemic. The company has re-scheduled one event to take place in 2021. The company moved some of its activities online and is now staging online tournaments on its digital platform as an additional activity.

28. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is I Merenzon.

PART V

TAXATION

The following section is a summary guide only to certain current aspects of tax in the UK. This is not a complete analysis of all the potential tax effects of acquiring, holding and disposing of Ordinary Shares in the Company, nor will it relate to the specific tax position of all Shareholders in all jurisdictions. This summary is not a legal opinion. Shareholders are advised to consult their own tax advisers.

1.1 Taxation in the UK

The following information is based on UK tax law and HM Revenue and Customs ("**HMRC**") practice currently in force in the UK. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only. Any person who is in any doubt about his or her tax position should contact their professional advisor immediately.

1.2 Tax treatment of UK investors

The following information, which relates only to UK taxation, is applicable to persons who are resident in the UK and who beneficially own Ordinary Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

- who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 10 per cent., of any of the classes of shares in the Company; or
- who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or
- who are in any doubt as to their taxation position.

Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Ordinary Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

1.3 Dividends

Where the Company pays dividends, no UK withholding taxes are deducted at source. Shareholders who are resident in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

UK resident individual and trustee Shareholders who are domiciled in the UK, and who hold their Ordinary Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company.

The following information is based on current UK tax law in relation to rules applying to dividends paid to individuals and trustees from 6 April 2022 onwards. There is a dividend allowance of £2,000 per annum for individuals, this is due to reduce to £1,000 from 6 April 2023 and £500 from 6 April 2024. Dividends falling within this allowance will effectively be taxed at 0 per cent but such dividends will still count as taxable income when determining how much of the basic rate band or higher rate band has been used. If an individual receives dividends in excess of this allowance in a tax year, the excess will be taxed at 8.75 per cent, (for individuals not liable to tax at a rate above the basic rate), 33.75 per cent, (for individuals subject to the higher rate of income tax) and 39.35 per cent (for individuals subject to the additional rate of income tax). The rate of tax paid on dividend income by trustees of discretionary trusts is 8.75 per cent (for dividend income that falls within the standard rate band) and 39.35 per cent (for dividend income that falls above the standard rate band). United Kingdom pension funds and charities are generally exempt from tax on dividends which they receive.

Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received but will not be entitled to claim relief in respect of any underlying tax.

1.4 Disposals of Ordinary Shares

Any gain arising on the sale, redemption or other disposal of Ordinary Shares will be taxed at the time of such sale, redemption or disposal as a capital gain.

The rate of capital gains tax on disposal of Ordinary Shares by basic rate taxpayers is 10 per cent., and 20 per cent. for higher rate and additional rate taxpayers. Individuals may benefit from certain reliefs and allowances (including an annual exempt amount, which presently exempts the first £12,300 of gains from tax for the tax year 2022-23). The annual exempt amount will reduce to £6,000 from 6 April 2023 and £3,000 from 6 April 2024.

For Shareholders within the charge to UK corporation tax, indexation allowance up until 1 January 2018 may reduce any chargeable gain arising on disposal of Ordinary Shares but will not create or increase an allowable loss.

For such Shareholders that are bodies corporate they will generally be subject to corporation tax (rather than capital gains tax) at a rate of 19% on any chargeable gain realised on a disposal of Ordinary Shares.

From 1 April 2023, the corporation tax main rate will be increased to 25% applying to profits over £250,000. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

1.5 Further information for Shareholders subject to UK income tax and capital gains tax

"Transactions in securities"

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HMRC to raise tax assessments so as to cancel *"tax advantages"* derived from certain prescribed *"transactions in securities"*.

1.6 Stamp duty and stamp duty reserve tax

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or stamp duty reserve tax or (except where stated otherwise) to persons connected with depositary arrangements or clearance services who may be liable at a higher rate. No UK stamp duty or stamp duty reserve tax will be payable on the allotment and issue of ordinary shares pursuant to the Subscription and Retail Offer.

Most investors will purchase existing ordinary shares using the crest paperless clearance system and these acquisitions will be subject to stamp duty reserve tax at 0.5%. Where ordinary shares are acquired using paper (i.e. non-electronic settlement) stamp duty will become payable at 0.5% if the purchase consideration exceeds £1,000.

The above comments are intended as a guide to the general stamp duty and stamp duty reserve tax position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

1.7 Inheritance Tax

The Ordinary Shares will be assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by, or transfer on the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax, even if the holder is neither domiciled in the UK nor deemed to be domiciled there (under certain rules relating to long residence or previous domicile). Generally, UK inheritance tax is not chargeable on gifts to individuals if the transfer is made more than seven complete years prior to death of the donor. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees of settlements who hold shares in the Company bringing them within the charge to inheritance tax. Holders of shares in the Company should consult an appropriate professional adviser if they make a gift of any kind or intend to hold any shares in the Company through such a company or trust arrangement. They should also seek professional advice in a situation where there is potential for a double charge to UK inheritance tax and an equivalent tax in another country or if they are in any doubt about their UK inheritance tax position.

THIS SUMMARY OF UK TAXATION ISSUES CAN ONLY PROVIDE A GENERAL OVERVIEW OF THESE AREAS AND IT IS NOT A DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN THE COMPANY. THE SUMMARY OF CERTAIN UK TAX ISSUES IS BASED ON THE LAWS AND REGULATIONS IN FORCE AS OF THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES IN UK LAWS OCCURRING AFTER SUCH DATE. LEGAL ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS

TO HIS TAX POSITION OR WHERE HE IS RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT HIS PROFESSIONAL ADVISER.

PART VI

ADDITIONAL INFORMATION

1 RESPONSIBILITY

The Company and each of the Existing Directors and the Proposed Directors, whose names appear on page 23 of this document, accept responsibility for this document. To the best of the knowledge of the Company and each of the Existing Directors and the Proposed Directors, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect its import.

2 COMPETENT AUTHORITY APPROVAL

This prospectus has been approved by the Financial Conduct Authority, as competent authority under Regulation (EU) 2017/1129. The Financial Conduct Authority only approves this prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129 and such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

3 THE COMPANY

3.1 The Company's legal and commercial trading name is World Chess Plc.

3.2 The Company was incorporated in England and Wales on 30 January 2017 with registered number 10589323 as a public limited company under the Companies Act 2006. Its Legal Entity Identifier is 213800BKR3RT23F9DN71.

3.3 On incorporation, Matvey Shekhovtsov was appointed as company secretary and a director of the Company, and Ilya Merenzon was appointed as a director of the Company. On 10 August 2020, Jamison Reed Firestone was appointed as a director of the Company.

3.4 The Company is domiciled in the United Kingdom.

3.5 The principal legislation under which the Company operates is the Companies Act 2006. The liability of the members is limited to the amount, if any, unpaid on the shares respectively held by them.

3.6 The Company's registered office is at Mittelstr 51-53, Berlin 10707, Germany and the telephone number is +44 20 3545 4259.

3.7 To date, the Company's activities have been as the parent company of the group of subsidiary companies which together develop and commercialise projects and merchandise connected with the game of chess.

3.8 Other than as set out in this document, the Company has no other subsidiaries, joint ventures or investments, or any investments in progress, or any future investments on which its management bodies have made firm commitments.

4 SHARE CAPITAL

4.1 In accordance with the Companies Act 2006, the Company has no limit on its authorised share capital.

4.2 On incorporation of the Company 50,000 ordinary shares of £1.00 each ("**Ordinary Shares**") were subscribed for and allotted and issued as follows:

4.2.1 49,999 Ordinary Shares were issued and allotted to Ilya Merenzon; and

4.2.2 1 Ordinary Share was issued and allotted to Matvey Shekhovtsov,

in each case fully paid up.

4.3 On 17 November 2017, the Company allotted and issued 2,632 Ordinary Shares. These Ordinary Shares were issued at a price per share of €404.83.

4.4 On 28 February 2018, the Company allotted and issued 2,924 Ordinary Shares. These Ordinary Shares were issued at a price per share of £322.96.

4.5 On 3 August 2018, the Company allotted and issued 1,134 Ordinary Shares. These Ordinary Shares were issued at a price per share of £1,121.72.

4.6 On 10 February 2021, the Company allotted and issued 2,474 Ordinary Shares at a subscription price of $970.20 per Ordinary Share. Of these newly allotted Ordinary Shares, 1,958 of them were allotted for an aggregate consideration of US$1,899,651, and 516 of them were allotted for Algo, the currency of the Algorand blockchain ecosystem, with an aggregate value of US$500,623.

4.7 On 23 June 2021, the Company sub-divided 59,164 ordinary shares of £1.00 each into 591,640,000 ordinary shares of £0.0001 each, such shares having the same rights and being subject to the same restrictions (save as to nominal value) as the existing shares as set out in the Articles.

4.8 On 13 May 2022, the Company allotted and issued 10,752,689 Ordinary Shares at a subscription price of €0.093 per Ordinary Share.

4.9 On 30 September 2022 the members of the Company passed in general meeting the following resolutions pursuant to which the Existing Directors are authorised to allot the New Ordinary Shares:

ORDINARY RESOLUTION

1. THAT the directors are generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company on and subject to such terms as the directors may determine up to an aggregate nominal amount of up to: (i) £13,333 in relation to the Company's proposed allotment of new ordinary shares prior to the admission of the Company's share capital to the Main Market of London Stock Exchange Plc and to the Official List of the Financial Conduct Authority (the "Fundraising") and (ii) in any other case up to an aggregate nominal amount equivalent to 10% of the Company's issued ordinary share capital immediately following completion of the Fundraising, provided that this authority will expire on the date falling 15 months from the date this resolution is passed or if earlier the date of the Company's next annual general meeting, save that the directors may, before this authority expires, make offers or agreements which would or might require shares in the Company to be allotted, or rights to subscribe for or convert securities into shares to be granted, after its expiry and the directors may allot shares or grant rights to subscribe for or convert securities into shares pursuant to such offers or agreements as if this authority had not expired.

   This authority revokes and replaces all unexercised authorities previously granted to the Directors but is without prejudice to any allotment of shares or grant of rights to subscribe for shares already made or offered or agreed to be made pursuant to such authorities.

SPECIAL RESOLUTIONS

2. THAT conditional on the passing of resolution 1 above, in accordance with section 570 of the Companies Act 2006, the Directors be generally authorised to allot equity securities (as defined in section 560 of the Companies Act 2006) pursuant to the authority conferred by resolution 1, as if section 561(1) of the Companies Act 2006 did not apply to any such allotment, provided that this authority shall:

   2.1 be limited to the allotment of equity securities up to an aggregate nominal amount stated in (i) and (ii) of resolution 1 above; and

   2.2 expire on the date falling 15 months from the date this resolution is passed or if earlier the date of the Company's next annual general meeting, save that the directors may, before this authority expires, make offers or agreements which would or might require shares in the Company to be allotted, or rights to subscribe for or convert securities into shares to be granted, after its expiry and the directors may allot shares or grant rights to subscribe for or convert securities into shares pursuant to such offers or agreements as if this authority had not expired.

   This authority revokes and replaces all unexercised authorities previously granted to the Directors but is without prejudice to any allotment of shares or grant of rights to subscribe for shares already made or offered or agreed to be made pursuant to such authorities.

4.10 The issued share capital of the Company at the date of this document and on Admission will be as follows:

	Number of Ordinary Shares allotted and fully paid up	**Aggregate nominal value of Ordinary Shares**
Current	602,392,689	£60,239.27
On Admission	666,905,501	£66,690.55

4.11 The Ordinary Shares with effect from Admission will be listed on the Official List and will be traded on the Main Market of the London Stock Exchange. The Ordinary Shares are not currently listed or traded, and no application has been or is being made for the admission of the Ordinary Shares to listing or trading, on any other stock exchange or securities market.

4.12 Each New Ordinary Share will rank in full for all dividends and distributions declared made or paid after their issue and otherwise *pari passu* in all respects with each Existing Ordinary Share and will have the same rights (including voting and dividend rights and rights on a return of capital).

4.13 Except for the arrangements in respect of Mr Woolfman and Mr Rafferty described in paragraph 10 and in respect of Breakthrough Initiatives Limited described in paragraph 12.13, in each case of this Part VI, there are no rights and/or obligations over the Company's unissued share or loan capital nor do there exist any undertakings to increase the Company's share or loan capital.

4.14 Save as referred to immediately above, no share of the Company or any subsidiary is under option or has been agreed conditionally or unconditionally to be put under option.

4.15 The Company does not have in issue any securities not representing share capital, nor any shares which are held by or on behalf of the Company itself or by its subsidiaries, and there are no outstanding convertible securities, exchangeable securities or securities with warrants issued by the Company.

4.16 The participation (as a percentage) in share capital and voting rights for existing shareholders before and after the capital increase resulting from the Fundraising, on the basis that existing Shareholders do not participate in the Fundraising and the maximum number of New Ordinary Shares are issued, are as follows:

	Before Fundraising	**After Fundraising**
Existing Shareholders	100%	90.33%

4.17 The Ordinary Shares may be held in either certificated form or in uncertificated form under the CREST system.

4.18 Except as disclosed in this paragraph, since the date of incorporation of the Company: (i) there has been no change in the amount of the issued share or loan capital of the Company; and (ii) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share capital of the Company.

4.19 To the best of the Directors' knowledge, no-one, directly or indirectly, acting jointly, exercises or could exercise control over the Company.

4.20 The ISIN number in respect of the Ordinary Shares is GB00BN70RC41. The Ordinary Shares are and will be created and issued under the Companies Act 2006 and are denominated in pounds sterling.

4.21 The registrars of the Company are Share Registrars Ltd. They have agreed to be responsible for maintaining the register of members of the Company.

5 OBJECTS AND PURPOSES OF THE COMPANY

The Company's objects and purposes are unrestricted.

6 ARTICLES

6.1 The Articles of the Company were adopted by a special resolution of the Shareholders passed on 30 September 2022. A summary of the terms of the Articles is set out below. The summary below is not a complete copy of the terms of the Articles and is qualified by reference to the contents of the full Articles.

6.2 The Articles contain no specific restrictions on the Company's objects and therefore, by virtue of section 31(1) of the Companies Act, the Company's objects are unrestricted.

6.3 The Articles contain, *inter alia*, provisions to the following effect:

(a) Share capital

The Company's Existing Issued Share Capital currently consists of Ordinary Shares. The Company may issue shares with such rights or restrictions as may be determined by ordinary resolution, including shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder of such shares.

(b) Voting

The Shareholders have the right to receive notice of, and to vote at, general meetings of the Company. Each Shareholder who is present in person (or, being a corporation, by representative) at a general meeting on a show of hands has one vote and, on a poll, every such holder who is present in person (or, being a corporation, by representative) or by proxy has one vote in respect of every share held by such Shareholder.

(c) Variation of rights

Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of not less than three quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class and may be so varied and abrogated whilst the Company is a going concern or during or in contemplation of a winding up.

(d) Dividends

The Company may, subject to the provisions of the Companies Act and the Articles, by ordinary resolution from time to time declare dividends to be paid to members not exceeding the amount recommended by the Directors. Subject to the provisions of the Companies Act in so far as, in the Directors' opinions, the Company's profits justify such payments, the Directors may pay interim dividends on any class of shares.

Any dividend unclaimed after a period of twelve years from the date such dividend was declared or became payable shall, if the Directors resolve, be forfeited and shall revert to the Company. No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.

(e) Transfer of Ordinary Shares

Each member may transfer all or any of their shares which are in certificated form by means of an instrument of transfer in any usual form or in any other form which the Directors may approve. Each member may transfer all or any of their shares which are in uncertificated form by means of a 'relevant system' (i.e., the CREST System) in such manner provided for, and subject as provided in, the Regulations.

The Board may, in its absolute discretion, refuse to register a transfer of certificated shares unless:

(i) it is for a share which is fully paid up;

(ii) it is for a share upon which the Company has no lien;

(iii) it is only for one class of share;

(iv) it is in favour of a single transferee or no more than four joint transferees;

(v) it is duly stamped or is duly certificated or otherwise shown to the satisfaction of the Board to be exempt from stamp duty; and

(vi) it is delivered for registration to the registered office of the Company (or such other place as the Board may determine), accompanied (except in the case of a transfer by a person to whom the Company is not required by law to issue a certificate and to whom a certificate has not been issued or in the case of a renunciation) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor (or person renouncing) and the due execution of the transfer or renunciation by them or, if the transfer or renunciation is executed by some other person on their behalf, the authority of that person to do so.

The Directors may refuse to register a transfer of uncertificated shares in any circumstances that are allowed or required by the Regulations and the CREST System.

(f) Allotment of shares and pre-emption rights

Subject to the Companies Act and to any rights attached to existing shares, any share may be issued with or have attached to it such rights and restrictions as the Company may by ordinary resolution determine, or if no ordinary resolution has been passed or so far as the resolution does not make specific provision, as the Directors may determine (including shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder of such shares).

In accordance with section 551 of the Companies Act, the Directors may be generally and unconditionally authorised to exercise all the powers of the Company to allot shares up to an aggregate nominal amount equal to the amount stated in the relevant ordinary resolution authorising such allotment. The authorities referred to in paragraph 4.9 above were included in the ordinary resolution passed on 30 September 2022 and remain in force at the date of this prospectus.

The provisions of section 561 of the Companies Act (which confer on Shareholders rights of pre-emption in respect of the allotment of equity securities which are paid up in cash) apply to the Company except to the extent disapplied by special resolution of the Company. Such pre-emption rights have been disapplied to the extent referred to in paragraph 4.9 above pursuant to the special resolution passed on 30 September 2022.

(g) Alteration of share capital

The Company may by ordinary resolution consolidate or divide all of its share capital into shares of larger nominal value than its existing shares, or cancel any shares which, at the date of the ordinary resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the nominal amount of shares so cancelled or sub-divide its shares, or any of them, into shares of smaller nominal value.

The Company may, in accordance with the Companies Act, reduce or cancel its share capital or any capital redemption reserve or share premium account in any manner and with and subject to any conditions, authorities and consents required by law.

(h) Directors

Unless otherwise determined by the Company by ordinary resolution, the number of Directors (other than any alternate Directors) shall not be less than two, but there shall be no maximum number of Directors.

Subject to the Articles and the Companies Act, the Company may by ordinary resolution appoint a person who is willing to act as a Director and the Board shall have power at any time to appoint any person who is willing to act as a Director, in both cases either to fill a vacancy or as an addition to the existing Board.

At the first AGM following an acquisition all Directors shall retire from office and may offer themselves for reappointment by the Shareholders by ordinary resolution.

At every subsequent AGM any Director who:

(i) has been appointed by the Directors since the last AGM; or (ii) was not appointed or re-appointed at one of the preceding two AGMs;

must retire from office and may offer themselves for reappointment by the Shareholders by ordinary resolution.

Subject to the provisions of the Articles, the Board may regulate their proceedings as they think fit. A Director may, and the secretary at the request of a Director shall, call a meeting of the Directors.

The quorum for a Directors' meeting shall be fixed from time to time by a decision of the Directors, but it must never be less than two and unless otherwise fixed, it is two.

Questions and matters requiring resolution arising at a meeting shall be decided by a majority of votes of the participating Directors, with each director having one vote. In the case of an equality of votes, the chair shall have a casting vote or a second vote.

The Directors shall be entitled to receive such remuneration as the Directors shall determine for their services to the Company as directors and for any other service which they undertake for the Company provided that the aggregate fees payable to the Directors must not exceed £500,000 per annum. The Directors shall also be entitled to be paid all reasonable expenses properly incurred by them in connection with their attendance at meetings of Shareholders or class meetings, board or committee meetings or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

The Board may, in accordance with the requirements in the Articles, authorise any matter proposed to them by any Director which would, if not authorised, involve a Director breaching their duty under the Companies Act to avoid conflicts of interests.

A Director seeking authorisation in respect of such conflict shall declare to the Board the nature and extent of their interest in a conflict as soon as is reasonably practicable. The Director shall provide the Board with such details of the matter as are necessary for the Board to decide how to address the Conflict together with such additional information as may be requested by the Board.

Any authorisation by the Board will be effective only if:

(i) to the extent permitted by the Companies Act, the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of the Articles;

(ii) any requirement as to the quorum for consideration of the relevant matter is met without counting the conflicted Director and any other conflicted Director; and

(iii) the matter is agreed to without the conflicted Director voting or would be agreed to if the conflicted Director's and any other interested Director's vote is not counted.

Subject to the provisions of the Companies Act, every Director, secretary or other officer of the Company (other than an auditor) is entitled to be indemnified against all costs, charges, losses, damages and liabilities incurred by them in the actual purported exercise or discharge of their duties or exercise of their powers or otherwise in relation to them.

(i) General meetings

The Company must convene and hold AGMs in accordance with the Companies Act.

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the choice or appointment of a chair of the meeting which shall not be treated as part of the business of the meeting. Save as otherwise provided by the articles, two Shareholders present in person or by proxy and entitled to vote shall be a quorum for all purposes.

(j) Borrowing powers

Subject to the Articles and the Companies Act, the Board may exercise all of the powers of the Company to:

(i) borrow money;

(ii) indemnify and guarantee;

(iii) mortgage or charge;

(iv) create and issue debentures and other securities; and

(v) give security either outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(k) Capitalisation of profits

The Directors may, if they are so authorised by an ordinary resolution of the Shareholders, decide to capitalise any undivided profits of the Company (whether or not they are available for distribution), or any sum standing to the credit of the Company's share premium account or capital redemption reserve. The Directors may also, subject to the aforementioned ordinary resolution, appropriate any sum which they so decide to capitalise to the persons who would have been entitled to it if it were distributed by way of dividend and in the same proportions.

(l) Uncertificated shares

Subject to the Companies Act, the Directors may permit title to shares of any class to be issued or held otherwise than by a certificate and to be transferred by means of a 'relevant system' (i.e., the CREST System) without a certificate.

The Directors may take such steps as it sees fit in relation to the evidencing of and transfer of title to uncertificated shares, any records relating to the holding of uncertificated shares and the conversion of uncertificated shares to certificated shares, or vice-versa.

The Company may by notice to the holder of an uncertificated share, require that share to be converted into certificated form.

The Board may take such other action that the Board considers appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of an uncertified share or otherwise to enforce a lien in respect of it.

7 SUBSTANTIAL SHAREHOLDERS

7.1 Except for the interests of those persons set out in this paragraph 7 and in paragraph 10 below, the Directors are not aware of any interests (other than interests of the Directors and Senior Management) which, at the date of this document and immediately following Admission, would amount to 3% or more of the Company's issued share capital:

Name (and ultimate beneficial owner(s))	Ordinary Shares as at the date of this document	Percentage of Existing Ordinary Shares	Ordinary Shares on Admission	Percentage of Enlarged Share Capital
Ilya Merenzon	443,870,000	73.68%	404,520,000	60.66%
Prytek Investment Holdings PTE Limited	83,910,000	13.93%	83,910,000	12.58%
AIC Capital LLC	24,740,000	4.11%	24,740,000	3.71%
Matvey Shekhovtsov	16,680,000	2.77%	33,350,000	5.00%
Mikhail Merenzon	0	0.00%	29,394,285	4.41%

7.2 No major holder of Ordinary Shares, either as listed above, or as set out in paragraph 10 of this Part IV, has voting rights different from other holders of Ordinary Shares.

7.3 So far as the Company is aware, there are no arrangements in place the operation of which may at a subsequent date result in a change of control of the Company.

8 DIRECTORS AND PROPOSED DIRECTORS

8.1 The Directors and the Proposed Director and their respective functions are as follows:

Ilya Merenzon (Chief Executive Officer)

Matvey Shekhovtsov (Chief Operating Officer)

Jamison Reed Firestone (Non-Executive Director)

Graham Woolfman (Chairman)

Richard Collett (Chief Financial Officer)

Neil Rafferty (Non-Executive Director)

8.2 The business address of each of the Directors and the Proposed Directors is Eastcastle House, 27/28 Eastcastle Street, London, United Kingdom, W1W 8DH.

9 SENIOR MANAGERS

The Company's senior management currently comprises Alex Panteleev, Ekaterina Savelyeva, Nadia Panteleeva and Anna Petrushina further details of whom are set out in paragraph 1 of Part II.

10 DIRECTORS' AND PROPOSED DIRECTOR'S AND SENIOR MANAGERS' INTERESTS IN THE COMPANY INCLUDING SERVICE AGREEMENTS

10.1 The interests of the Directors, the Proposed Directors and Senior Management and persons connected with them, within the meaning of sections 252 and 253 of the Companies Act 2006, in the share capital of the Company, at the date of this document and immediately following Admission, all of which are beneficial, are:

Name (and legal owner)	Ordinary Shares as at the date of this document	Percentage of Existing Ordinary Shares	Ordinary Shares on Admission	Percentage of Enlarged Share Capital
Ilya Merenzon	443,870,000	73.68%	404,520,000	60.66%
Matvey Shekhovtsov	16,680,000	2.77%	33,350,000	5.00%
Jamison Reed Firestone	5,560,000	0.92%	5,560,000	0.83%
Graham Woolfman	—	—	—	—
Richard Collett	—	—	—	—
Neil Rafferty	—	—	—	—

10.2 Except as disclosed in paragraphs 10.1, 10.2 and 10.16, none of the Directors or the Proposed Directors or Senior Management nor any person connected with them, within the meaning of sections 252 and 253 of the Companies Act 2006, is interested in the share capital of the Company, or in any related financial products referenced to the Ordinary Shares.

10.3 Exept as disclosed in paragraph 10.16, there are no outstanding loans or options granted by the Company to any Director or Proposed Directors or Senior Management, nor has any guarantee been provided by the Company for their benefit.

10.4 The Company has entered into the following agreements and letters of appointment with Directors and the Proposed Directors and Senior Management:

10.4.1 Directors' service agreements and letters of appointment

(a) *Matvey Shekhovtsov*

Matvey Shekhovtsov entered into a service agreement with the Company dated 20 March 2023 as Chief Operating Officer of the Company. The service agreement is terminable on six months' notice by either party and contains customary post-employment restrictive covenants. He also has a German employment agreement dated 1 March 2022 in respect of duties undertaken direct for World Chess Europe GmbH which has a notice period of four weeks to the 15th or end of a calendar month. Across the two agreements Matvey Shekhovtsov's combined salary is €115,200.

(b) *Ilya Merenzon*

Ilya Merenzon entered into a service agreement with the Company dated 20 March 2023 as Chief Executive Officer of the Company. The service agreement is terminable on six months' notice by either party and contains customary post-employment restrictive covenants. He also has a German employment agreement dated 1 March 2022 in respect of duties undertaken direct for World Chess Europe GmbH which has a notice period of four weeks to the 15th or end of a calendar month. Across the two agreements Ilya Merenzon's combined salary is €212,400.

(c) *Richard Collett*

Richard Collett entered into a service agreement with the Company dated 20 March 2023, he is entitled to a salary of £100,000 to act as Chief Financial Officer of the Company. The service agreement is for an initial term of 24 months, but terminable on three months' notice by either party. After this time, Richard Collett's employment is stated to terminate without notice unless the parties agree in writing to extend the initial term. The service agreement contains customary post-employment restrictive covenants.

(d) *Graham Wolfman*

On 20 March 2023, the Company and Graham Woolfman entered into a letter of appointment pursuant to which Graham Woolfman will act as an independent non-executive director and chairperson of the Company from Admission. The agreement is for an initial term ending on the conclusion of the Company's next AGM following Admission. The appointment may be terminated upon three months' notice by either party at any time. Graham Woolfman will receive an annual fee of £42,500 to act as a non-executive director and chairperson (which includes fees for membership of all board committees and subsidiaries). Where Graham Woolfman is required to work in excess of 24 days per annum, he will be entitled to an additional *pro rata* rate of £1,700 per day.

(e) *Neil Rafferty*

On 20 March 2023, the Company and Neil Rafferty entered into a letter of appointment pursuant to which Neil Rafferty will act as an independent non-executive director of the Company from Admission. The agreement is for an initial term ending on the conclusion of the Company's next AGM following Admission. The appointment may be terminated upon three months; notice by either party at any time. Neil Rafferty will receive an annual fee of £32,000 to act as a non-executive director (which includes fees for membership of all board committees and subsidiaries). Where Neil Rafferty is required to work in excess of 24 days per annum, he will be entitled to an additional *pro rata* rate of £1,500 per day.

(f) *Jamison Firestone*

On 20 March 2023, the Company and Jamison Firestone entered into a letter of appointment pursuant to which Jamison Firestone will act as an independent non-executive director of the Company from Admission. The agreement is for an initial term ending on the conclusion of the Company's next AGM following Admission. The appointment may be terminated upon three months; notice by either party at any time. Jamison Firestone will receive monthly fee of £1,000 to act as a non-executive director for the first twelve months (which includes fees for membership of all board committees and subsidiaries). After the first twelve months, Jamison Firestone's fees for further work will be agreed between Jamison Firestone and the Board or Remuneration Committee.

10.5 The total aggregate of the remuneration paid and benefits in kind granted to the Directors by any member of the Group during the year ended 31 December 2021, (being the last completed financial year) was €237,890. During the current financial year, (being the year ending 31 December 2022) the total amount expected to be paid to the Directors, including the Proposed Directors, by any member of the Group under the arrangements in force at the date of this document is €345,318.

10.6 Except as set out above, there are no liquidated damages or other compensation payable by the Company upon early termination of the contracts of the Directors (including the Proposed Directors) and Senior Management. None of the Directors or the Proposed Directors or Senior Management has any commission or profit sharing arrangements with the Company.

10.7 Except as provided for in paragraph 10.6 above, the total emoluments of the Directors and the Proposed Directors and Senior Management will not be varied as a result of Admission.

10.8 Except as disclosed in this paragraph 10, there are no existing or proposed service contracts between the Company and any of the Directors or the Proposed Directors or Senior Management which are not terminable on less than 12 months' notice, nor have any of their letters of appointment or service contracts been amended in the six months prior to the date of this document.

10.9 Except as disclosed in this paragraph 10, there are no amounts set aside or accrued by the Company to provide pension (other than statutory auto-enrolment pension), retirement or similar benefits, nor are any such arrangements proposed.

10.10 In addition to their directorships of the Company, the Directors, the Proposed Directors and Senior Management are or have been members of the administrative, management or supervisory bodies or partners of the following companies or partnerships (which, unless otherwise stated, are incorporated in England and Wales) within the five years prior to the publication of this document:

Director/Proposed Directors	**Current Directorships and Partnerships**	**Past Directorships and Partnerships**
Ilya Merenzon	I Follow This, Limited OOO Public Space (Russia) BMA Consultancy Ltd (USA)	World Chess Events Limited (BVI) PSB Public Space Berlin Gmbh (Germany) Press Release Group (USA)
Matvey Shekhovtsov	I Follow This, Limited	Shekhovtsov & Partners LLC (Russia) OOO Omnibus, former OOO Turnir Pretendentov (Russia)& Partners LLC Tumir Pretendentov (Russia)
Jamison Reed Firestone	FD Advisory LLP Aid for Ukraine Ltd. LR Freehold Limited 3 Lauderdale Road Limited	American Chamber of Commerce (Russia)
Graham Woolfman	Peabody Trust Catalyst Housing Group St Arthur Homes Limited Woolfmans Limited Tempus Advisory and Management LLP	Filta Group Holdings Plc Intrust Corporate Finance Limited Ethernity Networks Ltd
Richard Collett	Spanzone Property Management Ltd Character IT Ltd Character Finance Ltd	Ellwood and Atfield Ltd Mondo Executive Search Ltd
Neil Rafferty	Portent Business Services SPRL (Belgium) Portent Group (UK) Ltd	Ethernity Networks Ltd (Israel) Get In The Mood Ltd 2Hand Ltd Fitle SAS (France) Hidden Planet Ltd

10.11 Graham Woolfman was appointed as a non-executive director of Bio Converters plc on 11 March 2003. Bio Converters plc was a start-up company processing organic waste into fertiliser. The company went into administration on 8 June 2005. Mr Woolfman resigned as a director on 20 January 2006. The deficiency to creditors at the time of the administration was approximately £189,865.

10.12 Other than disclosed in paragraph 10.11, no Director or the Proposed Directors or member of the Senior Management has:

10.12.1 had any convictions in relation to fraudulent offences or unspent convictions in relation to indictable offences;

10.12.2 had a bankruptcy order made against him or her or entered into an individual voluntary arrangement;

10.12.3 been a director of any company or been a member of the administrative, management or supervisory body of an issuer or a senior manager of an issuer which has been placed in receivership, liquidation, administration, or company voluntary arrangement or which entered into any composition or arrangement with its creditors generally or any class of its creditors whilst he was acting in that capacity for that company or within the 12 months after he ceased to so act;

10.12.4 been a partner in any partnership placed into compulsory liquidation, administration or partnership voluntary arrangement where such director was a partner at the time of or within the 12 months preceding such event;

10.12.5 been subject to receivership in respect of any asset of such Director or of a partnership of which the Director was a partner at the time of or within 12 months preceding such event; or

10.12.6 been subject to any official public criticisms by any statutory or regulatory authority (including designated professional bodies) nor has such Director or Proposed Directors been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

10.13 No Director or Proposed Directors or Senior Manager has been interested in any transaction with the Company which was unusual in its nature or conditions or significant to the business of the Company during the current financial year which remains outstanding or unperformed.

10.14 In the case of those Directors or the Proposed Directors or Senior Management who have roles as directors of companies other than the Company or are otherwise interested in other companies or businesses, although there are no current conflicts of interest, it is possible that the general duties under chapter 2 of part 10 of The Companies Act 2006 and fiduciary duties owed by those Directors or the Proposed Directors to companies or other businesses of which they are directors or otherwise interested in from time to time may give rise to conflicts of interest with the duties owed to the Company. Except as mentioned above, there are no potential conflicts of interest between the duties owed by the Directors or the Proposed Directors to the Company and their private duties or duties to third parties.

10.15 Except for the Directors and the Proposed Directors and the Senior Management, the Board does not believe that there are any other senior managers who are relevant in establishing that the Company has the appropriate expertise and experience for the management of the Company's business.

10.16 The Company has agreed with Mr Woolfman and Mr Rafferty that with effect from twelve months after Admission (provided that they shall remain contracted to the Company and neither they nor the Company shall have given each other notice of termination of their agreement with the Company) Mr Woolfman will be entitled to subscribe for 6,669,055 new Ordinary Shares (representing one per cent of the Enlarged Share Capital) at the Subscription Price for a period of five years from the date that such options vest and Mr Rafferty will be entitled to subscribe for 1,667,264 new Ordinary Shares (representing 0.25 per cent of the Enlarged Share Capital) at the Subscription Price for a period of five years from the date that such options vest. In the event that either Mr Woolfman or Mr Rafferty cease to be a director of the Company prior to the fourth anniversary of their options vesting, they will be entitled to exercise their options for a further year after the cessation of their appointment (other than in circumstances where the Company shall have terminated the appointment with immediate effect under the relevant appointment letter) following which time the options will lapse.

11 SHARE OPTION SCHEMES

As at the date of this document, the Company has not adopted a share option scheme. It, however, intends to do so following Admission for the purpose of incentivising and retaining employees and directors of the Company.

12 MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company in the period since incorporation or are other contracts that contain provisions under which the Company has an obligation or entitlement which is material to the Company as at the date of this document.

12.1. FIDE Online Agreement

An agreement dated and effective from 4 August 2021 made between International Chess Federation ("FIDE"), the Company and World Chess Digital Limited ("WCD") which relates to the parties' respective rights and obligations in relation to the "FIDE Online Arena". The agreement's duration is five years from its effective date (save for earlier termination in accordance with the terms of the agreement or the law, summarised below). FIDE grants to the Company the rights:

- To operate, maintain, develop and commercially exploit the FIDE Online Arena, called "The Official FIDE Gaming Platform;
- To have the ratings and titles used by the FIDE Online Arena to be called "FIDE Online Arena rating recognised by FIDE", "FIDE Online Arena rating recognised by FIDE", and similar expressions;
- To use FIDE's trademark and brand in connection with some aspects of the FIDE Online Arena, in particular, the promotion of the FIDE Online Arena;
- To receive several marketing services from FIDE, FIDE in particular being obliged to promote the FIDE Online Arena in accordance with the agreed marketing strategy and to, amongst other matters, publish information about the FIDE Online Arena on FIDE's official website, Facebook and Twitter;
- To determine the cost of the FIDE online membership subscription fee and collect such fees (unless such fee is to exceed €50 per year in which case FIDE's approval is required).

FIDE retains the right to grant other online chess platforms its trademark and brand provided that FIDE does not recognise other online ratings and online titles as being "official" online rating or title systems. FIDE is entitled to collaborate with other online chess platforms in various projects but may not give public recognition of an official status for any other online rating system or online titles. FIDE has further agreed not to develop, operate or promote its own online gaming platform other than FIDE's online rating and FIDE's online title system.

The Company is entitled to display the FIDE Online Arena ratings and titles and on the player's profile page of the FIDE website with a link to the FIDE Online Arena and the title "The Official FIDE Gaming Platform".

The Company is obliged to operate, maintain, develop and commercially exploit the FIDE Online Arena, and has agreed to pay a royalty fee to FIDE related to all of the FIDE online membership subscription fees and title fees, or a minimum guaranteed payment, whichever is greater.

The Company is also obliged to apply certain measures which are intended to prevent cheating from occurring, and has agreed to use its Ace-Guard anti-cheating technology and to provide reports to FIDE.

The Company has agreed to develop and to integrate into the FIDE Online Arena a system which allows third party chess platforms (on a non-discriminatory basis) access to the ratings and titles system used by the FIDE Online Arena by 1 June 2023.

The Company has also agreed to ensure that FIDE has a live access to the FIDE Online Arena's officially rated users' data, to transfer the database and rights in it to FIDE in the event of the agreement's termination for any reason and not to enter into any arrangements with third parties concerning the participation in the rating/title systems until the system allowing other chess platforms to access the official rating/titles system is in place.

Each of the parties has agreed to perform all reasonable acts to ensure that the transfer of personal data under the agreement complies with the requirements of GDPR.

The agreement contains mutual confidentiality obligations during the agreement and for a period of three years after its expiry.

There are no limitations of liability of any party under the agreement.

The agreement will automatically renew at the expiry of its initial term, for a further five year period, unless one (or more) of the following events occurs:

— FIDE decides to abandon the official online ratings and titles system, in which case it is obliged to serve a written notice on the Company not later than one year prior to the initial date of expiry of the agreement, and FIDE is then obliged not to enter into arrangements similar to the agreement within three years of its termination;

— FIDE decides to manage the project itself or through an affiliate organisation where FIDE owns at least 51% directly or indirectly in which case FIDE is obliged to notify the Company at least one year prior to the initial date of expiry of the agreement;

— The Company fails to accept within 90 days a "*bona fide* third party alternative offer" that FIDE may present to the Company at least one year prior to the expiry of the initial term of the agreement. If the Company matches or exceeds the alternative offer in material respects then those proposed terms will bind the parties for the term proposed in the alternative offer, but not for more than five years; and/or

— The Company elects to withdraw from the project not later than one year prior to the expiry of the initial term of the agreement.

FIDE may only terminate the agreement if the Company fails to pay the minimum guaranteed payment for more than 45 days or the Company is in substantial breach of the agreement and such breach is not cured within 45 days of being put on notice of such breach. The law to which the agreement is subject, being that of Switzerland, entitles a party to terminate the agreement in certain exceptional circumstances.

12.2. FIDE promotions/events agreement

A promotion and event organisation agreement made on 20 February 2021 between FIDE and Agon Limited which was assigned to the Company pursuant to an assignment agreement made on 27 November 2017 and amended pursuant to an addendum made on 18 January 2019. References in this summary to "this agreement" are to references to the agreement as so assigned and amended.

This agreement provides that the Company has been engaged by FIDE to, "organise, promote, commercialise and hold events" related to chess, including certain competitions.

The agreement is of undefined duration but the addendum covers the 2019-2-2 and 2021-2-22 cycles. The rights and obligations in respect of events after 2022 are not addressed in this agreement.

The Company retains the rights to receive certain sponsorship monies for the events of the World Chess Championship Cycle for 2019-220 and 2021-2022 cycles.

The Company is appointed as the organiser of the FIDE Grand Prix Series 2019-2020 and 2021-2022. The Company is entitled to receive a percentage of the amounts received by FIDE from sponsorship contracts concluded by FIDE and related to the Candidates Tournaments and FIDE World Chess Championship Matches, which take place during the years 2019-2022. The Company is also entitled to search for sponsorship leads for such events in which case it is also entitled to a percentage of the amounts received by FIDE from the sponsorship contracts so concluded. Higher percentages are to be paid in the case of certain identified sponsors.

The Company is entitled to the status of Official Broadcaster of FIDE for 2019-2022 for classic chess events save for those which are excluded.

The Company has assigned to FIDE its rights under a media rights sale contract with Norsk rikskringkasting AS in return for not being obliged to pay FIDE annual royalties under the agreement, and the Company was (and is) obliged to organise and to finance (with minimum budget obligations) the FIDE Grand Prix Series during 2019-2022.

The Company has the digital rights and broadcast rights to the World Chess Championship Cycle events which applies to the Grand Prix Series.

The liabilities of the parties under the agreement are unlimited.

The agreement is of undefined duration and unless a particular obligation or right is expressed to expire, the agreement would continue unless and until terminated.

The agreement is subject to the laws of Switzerland.

12.3. GGC International Limited loan agreement

A loan agreement dated 22 November 2019 made between WCE and GGC International Limited ("GCC") pursuant to which WCE may request GGC to lend USD coins or paxos standard, both of which being stablecoins linked to the US$, to WCE in return for WCE paying GGC a loan fee and releasing such stablecoins to GCC following termination of the loan.

The agreement continues on an annual basis unless terminated by either party.

The agreement is in the nature of a conditional facility which is available as a fixed term loan, a term loan with a prepayment option or an open loan, and is available at the discretion of GGC, on terms to be set out in term sheets which reflect the relevant arrangements.

GGC is stated to have a first priority security in and to any collateral and shall have the rights and remedies of a secured party under the Uniform Commercial Code.

The agreement provides for certain representations and warranties from each party to the other.

Loans extended that have a prepayment option can be repaid prior to the maturity date without being subject to any early termination fees. The contents of the table below is a summary of the loans made available under this agreement, each such loan (to the extent drawn down) having been repaid by the Company to GGC in full such that no indebtedness continues between the Company and GGC:

Term sheet date	22 November 2019	8 December 2020	28 May 2021	28 June 2021
Borrowed asset	USDC	USDC	USDC	USDC
Amount of current	2,500,000 USDC	2,500,000 USDC	400,000 USDC	600,000 USDC
Loan fee	11.5% annual	11.5% annual	14% annual	14% annual
Loan type	Term loan with prepayment option	Term loan with prepayment option	Fixed term with prepayment option	Fixed term with prepayment option
Maturity date	22 February 2021	1 May 2021	15 March 2022	15 April 2022
Type of collateral	Algo	Algo	Algo	—
Quantity of collateral	20,000,000 Algo	33,329,256.04	—	—
Initial collateral level	175% of the loan value	175% of the loan value	175% of the loan value	175% of the loan value
Margin call level	150% of the loan value	150% of the loan value	150% of the loan value	150% of the loan value
Liquidation level	125% of the loan value	—	—	—
Collateral refund level	200% of the loan value	200% of the loan value	200% of the loan value	200% of the loan value

12.4. Algorand Cayman SEZC Term Sheet

A term sheet dated 19 November 2019 between WCE and Algorand Cayman SEZC ("Algorand") pursuant to which the parties acknowledged that there were a number of mutually beneficial projects available to the parties, and that WCE is to provide 20,000,000 algo tokens (being the crypto currency of the Algorand blockchain) as collateral for the loan from GCC International Limited dated 22 November 2019 summarised in paragraph 12.3 above.

Under this term sheet, Algorand was granted an option to subscribe for new ordinary shares in the Company or to convert the collateral into new Ordinary Shares in the Company for a period of two years from the date of the option purchase agreement, or 60 days following the repayment of the loan, whichever is the earlier. No option agreement was entered into and the collateral was advanced to GCC in the form of the algo tokens on 7 October 2021 pursuant to an addendum to this term sheet.

12.5. Algorand Partnership Agreement

A partnership agreement dated 22 January 2021 between WCE and Algorand pursuant to which Algorand was recognised as the exclusive blockchain partner of the grand prix series 2021 and the FIDE online arena for the period 2021 to 2022. WCE agrees to provide advertising and marketing services pursuant to an agreed scope, the agreement terminates on 31 December 2022.

12.6. Kaspersky Labs UK Limited Partnership Agreement

A partnership agreement dated 20 June 2018 (as varied by an addendum dated 10 July 2018) between WCE and Kaspersky Labs UK Limited ("Kaspersky") pursuant to which Kaspersky is recognised as the official cybersecurity partner of a number of FIDE world chess events scheduled to take place between 2019 and 2028. WCE agrees to provide advertising and marketing services pursuant to an agreed scope set out in an annexure to the agreement.

Kaspersky grants WCE a worldwide royalty free licence to use its trade names and logos in respect of advertising and marketing.

12.7. Financial Adviser Agreements

On 9 December 2020 the Company entered into an engagement letter with Novum confirming the appointment of Novum as the financial advisor to the Company and providing advice and services in relation thereto. Pursuant to such engagement letter, the Company agreed to pay a corporate finance fee to Novum in respect of Admission.

On 20 March 2023 the Company entered into a financial adviser agreement with Novum pursuant to which the Company has appointed Novum to act as corporate adviser to the Company on an ongoing basis following Admission. The agreement contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with all applicable laws and regulations. The agreement is terminable by either party giving three months' prior written notice, such notice not to be given before the first anniversary of Admission.

12.8. Lock-in and Orderly Market Agreements

Lock-in and orderly market agreements dated 20 March 2023 between each of the Directors, the Company and Novum pursuant to which they have agreed that, during the period commencing at Admission and ending on the first anniversary of Admission, they will not sell, pledge or otherwise dispose of any Ordinary Shares. The restrictions on the ability of each Director to transfer their Ordinary Shares, are subject to certain usual and customary exceptions for: transfers pursuant to the acceptance of, or provision of, an irrevocable undertaking to accept, a general offer made to all Shareholders on equal terms, transfers pursuant to an offer by or an agreement with the Company to purchase Ordinary Shares made on identical terms to all Shareholders or transfers as required by an order made by a court with competent jurisdiction.

12.9. Relationship Agreement

A lock in agreement dated 20 March 2023 between Mr Merenzon, the Company and Novum pursuant to which Mr Merenzon has agreed with the Company and Novum that for such time as he and his affiliates own or control interests in Ordinary Shares comprising not less than 25% of the Company's issued Ordinary Shares from time to time, he will not exercise and will procure that his affiliates will not exercise, his voting rights to influence the Directors or to change the Company's articles of association to result in his position and those of his affiliates being preferred or promoted ahead of those of other shareholders, and to exercise (or to refrain from exercising, as the case may be) such voting rights so as to ensure that the Company is managed and conducted independently from him and such affiliates.

12.10. Loan by Prytek Investment Holdings Pte Ltd ("Prytek")

Prytek, a shareholder of the Company, advanced to World Chess US Inc. a loan of 51,000 USD on 5 September 2019. The loan was a general-purpose loan with 10% annual interest rate and repayable on 30 November 2022. The loan remains outstanding. The loan was advanced for general operations funding.

12.11. Share Purchase Agreement relating to World Chess Rus LLP

A share purchase agreement dated 14 April 2022 between the Company and Ekaterina Chalykh, a former director of the company, pursuant to which the Company transferred the entire issued share capital of World Chess Rus LLC to Ekaterina Chalykh, due to the ongoing Russian-Ukraine conflict.

The transfer price under the agreement was 30,000 Russian Roubles, and it was agreed that the Company would transfer all rights and obligations connected to its shares in World Chess Rus including but not limited to all rights to dividends, capital and voting rights. The transfer was effective on the date of the agreement, being 14 April 2022.

The Company provided Ekaterina Chalykh with a set of fundamental title and capacity warranties.

12.12. Steinitz Investments Limited ("Steinitz") Subscription Agreement

A subscription agreement dated 13 May 2022 between the Company and Steinitz pursuant to which Steinitz agreed to subscribe for a total of 10,752,689 ordinary shares in the capital of the Company for an aggregate subscription price of €1,000,000.08, at a price per share of €0.093.

Pursuant to the agreement, the Company provided Steinitz with a set of fundamental title and capacity warranties, together with an indemnity in respect of any loss suffered by Steinitz in connection with a breach of the warranties, any misrepresentations by the Company or any liabilities incurred prior to the date of the agreement. The Company undertook to disclose in writing to Steinitz any material event or circumstance which may arise or become known to the Company or its directors or offices after the date of the agreement which is inconsistent with any of the warranties or might make them inaccurate.

12.13. Breakthrough Initiatives Limited Convertible Loan Agreement ("CLA")

A convertible loan note agreement dated 30 September 2022 between the Company and Breakthrough Initiatives Limited ("Breakthrough") pursuant to which Breakthrough made available to the Company an unsecured convertible loan in the aggregate amount of EUR 1,000,000 for working capital and general corporate purposes ("Convertible Loan").

Interest is payable on the outstanding principal amount of the Convertible Loan at the rate of 8% per annum. Unless converted into shares, the Convertible Loan (together with any accrued and unpaid interest) is repayable on the date falling the date before the 5 year anniversary of the date of the CLA ("Maturity Date"), a Change of Control (as defined therein) or an Event of Default (as defined therein).

The principal amount of the Convertible Loan and any accrued and unpaid interest will convert into shares as follows:

1. automatically, on the Company raising at least EUR 1,000,000 in newly committed capital from third party investment prior to the Maturity Date;
2. prior to the Maturity Date, on a Change of Control instead of repayment, at the election of Breakthrough;
3. prior to the Maturity Date, immediately prior to a fully underwritten initial public offering ("IPO") on a recognised stock exchange in which the net aggregate subscription amount in respect of new shares or securities representing those shares issued at the time of the IPO is at least EUR 1,000,000 from the placement of such shares with third party investors; and
4. on the Maturity Date, instead of repayment, at the election of Breakthrough.

12.14. PrimaryBid Engagement letter

A letter of engagement dated 8 November 2022 pursuant to which the Company appointed PrimaryBid to be the arranger of the Retail Offer, pursuant to which the Retail Shares will be issued. Pursuant to this letter of engagement, the Company has agreed to pay PrimaryBid a commission on the Company's gross proceeds from the Retail Offer.

12.15. Ilya Merenzon loan agreement

A loan agreement dated 20 February 2023 between Ilya Merenzon and the Company for the principal sum of €500,000 to assist the Company's short term cash requirements until Admission. The loan is not interest bearing and is repayable by the Company on the earlier to occur of three business days following Admission and 20 May 2023. The loan does not contain any covenants on the Company by way of conditions precedent or subsequent and does not provide for any events of default. The loan agreement is subject to English law.

13 FOUNDERS

The founders of the Company are Matvey Shekhovtsov and Ilya Merenzon.

14 WORKING CAPITAL

The Company is of the opinion that the working capital available to the Group, taking into account the Net Proceeds, is sufficient for the Group's present requirements, that is, for at least the next 12 months from the date of this document.

15 NO GOVERNMENTAL, LEGAL, OR ARBITRATION PROCEEDINGS

15.1 Save as set out in paragraph 15.2 there are no, and have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened so far as the Company is aware) in the past 12 months which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability.

15.2 World Chess Events Limited ("WCE") has been in dispute with Discovery Communications Europe Limited ("DCE") regarding an advertising contract. DCE agreed in February 2019 to provide some advertising services to WCE, and DCE raised two invoices against WCE in respect of those services. WCE raised concerns about DCE's level of service. WCE paid the first invoice (which was for €540,000 inclusive of value added tax) in full and agreed to provide DCE with details of its dispute in respect of the second invoice (which was for €1,140,000 inclusive of value added tax), in exchange for which DCE agreed that it would cease to pursue any claim in respect of the first invoice and would temporarily withhold taking action in relation to the second invoice pending receipt of such details. WCE instructed solicitors to prepare two letters to DCE's solicitors in relation to the dispute, dated 27 November 2019 and 31 December 2019. The first letter set out the broad background but also alleged damages claimed by WCE against DCE in the sum of €2,103,329, which the letter stated WCE would set-off against the second invoice. Following the issue of the two letters, the communications in respect of the dispute ceased and WCE has not heard from or on behalf of DCE since 6 December 2019. Accordingly, WCE's liability, if any, to DCE, would arise solely under the second invoice which was for €1,140,000 including value added tax, and any related interest or costs awarded against WCE. WCE's position as to the value of its potential counterclaim against DCE for €2,103,329 remains.

15.3 The Directors are treating the claim by DCE as an off-balance sheet item given their view, following legal advice, that the amount claimed is not payable.

16 INTELLECTUAL PROPERTY

Save in respect of the agreements whose principal contents are summarised in paragraphs 12 above, the Company is not dependent on any patents or licences, industrial, commercial or financial contracts, or new manufacturing processes, where such are of fundamental importance to the Company's business or profitability.

17 PREMISES

The Company's and its subsidiaries' interests in property are set out below:

World Chess Plc has entered into a lease for ten years for the World Chess Club Berlin situated at Mittelstraße 51, 10117 Berlin, Germany with a commencement date of 1 January 2022.

World Chess Events Limited has entered into a short term lease in respect of offices (and its registered office) situated at The Pinnacle, 170 Midsummer Boulevard, Milton Keynes, Buckinghamshire, United Kingdom, MK9 1BP.

18 EMPLOYEES

The Company currently employs 6 people including the executive directors and currently engages one non-executive director and 18 consultants on an on-going basis.

19 RELATED PARTY TRANSACTIONS

The Company is not party to any transactions with related parties for the period covered by the historical financial information up to the date of this document.

20 NO SIGNIFICANT CHANGE

Other than the transactions described below, at the date of this Document, there has been no significant change in the financial position or performance of the Group since 30 June 2022, being the date as at which the interim financial information contained in Part IV: Financial Information on the Group has been published (being the last financial period for which financial statements have been published, covering the six months to 30 June 2022):

On 30 September 2022, the Company entered into a loan agreement with Breakthrough Initiatives Limited pursuant to which Breakthrough made available to the Company an unsecured convertible loan in the aggregate amount of €1,000,000. Interest is payable on the outstanding amount of Loan at the rate of 8% per annum for a term of five years. The principal and any accrued and unpaid interest will convert into shares automatically on the Company raising at least €1,000,000 in newly committed capital from third party investment.

21 MANDATORY BIDS AND COMPULSORY ACQUISITION RULES RELATING TO ORDINARY SHARES

21.1 Other than as provided by the City Code and Chapter 28 The Companies Act 2006, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules that apply to the Ordinary Shares.

21.2 The City Code is issued and administered by the Takeover Panel.

21.3 The City Code will apply to the Company from Admission and the Shareholders will be entitled to the protection afforded by the City Code.

21.4 There have been no public takeover bids for the Company's shares.

Mandatory bid provisions

21.5 Under Rule 9 of the City Code, when: (i) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons in which he is already interested and in which persons acting in concert with him are interested) carry 30% or more of the voting rights of a company subject to the City Code; or (ii) any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30% of the voting rights of a company but does not hold shares carrying more than 50% of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, then, except with the consent of the Takeover Panel, that person, and any person acting in concert with him, must make a general offer in cash to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights to acquire the balance of the shares not held by him and his concert party.

21.6 Except where the Takeover Panel permits otherwise, an offer under Rule 9 of the City Code must be in cash and at the highest price paid within the 12 months prior to the announcement of the offer for any shares in the company by the person required to make the offer or any person acting in concert with him. Offers for different classes of equity share capital must be comparable; the Takeover Panel should be consulted in advance in such cases.

Squeeze-out

21.7 Under the Companies Act 2006, if a "takeover offer" (as defined in section 974 of The Companies Act 2006) is made for the Ordinary Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90% in value of the Ordinary Shares to which the offer relates and not less than 90% of the voting rights carried by the Ordinary Shares to which the offer relates, it could, within three months of the last day on which its takeover offer can be accepted, compulsorily acquire the remaining 10%. The offeror would do so by sending a notice to outstanding members telling them that it will compulsorily acquire their Ordinary Shares and then, six weeks later, it would execute a transfer of the outstanding Ordinary Shares in its favour and pay the consideration for the outstanding Ordinary Shares to the Company, which would hold the consideration on trust for outstanding members. The consideration offered to the minority shareholder whose shares are compulsorily acquired must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.

Sell-out

21.8 The Companies Act 2006 also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90% in value of the Ordinary Shares and not less than 90% of the voting rights carried by the Ordinary Shares, any holder of Ordinary Shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those Ordinary Shares. The offeror is required to give any member notice of its right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises its rights, the offeror is entitled and bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

22 CITY CODE

Pursuant to the terms of the City Code, Ilya Merenzon and Matvey Shekhovtsov are believed to be acting in concert with one another. The Concert Party, being the persons listed above, together hold 65.66% of the Company's share capital immediately following Admission. Immediately following Admission, and for such time as the Concert Party holds an interest in shares which in the aggregate carry not less than 30% of the voting rights of the Company but does not hold shares carrying more than 50% of such voting rights, no member of the Concert Party will be able to buy or otherwise acquire any interest in shares carrying voting rights in the Company without making a general offer pursuant to rule 9 of the City Code, except with the consent of the Panel. As at Admission, Ilya Merenzon and Matvey Shekhovtsov will together be interested in Ordinary Shares carrying more than 50 per cent. of the voting rights of the Company and will therefore be able to acquire further Ordinary Shares without incurring an obligation to make an offer to the Shareholders of the Company under Rule 9, save for if Matvey Shekhovtsov's interest in Ordinary Shares increases to 30% of the Enlarged Share Capital, the Takeover Panel may deem such an obligation to have arisen.

23 THIRD PARTY SOURCES

The Company confirms that information sourced from third parties has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by those third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Estimates extrapolated from these data involve risks and uncertainties and are subject to change based on various factors, including those discussed in the Risk Factors section of this prospectus. There is only a limited amount of independent data available about certain aspects of the industry in which the Company operates and the position of the Company relative to its competitors. As a result, certain data and information about its market contained in this prospectus are based on good faith estimates reflecting the Company's reasonable review of internal data and information obtained from customers and other third-party sources. The Company believes these internal surveys and management estimates are reliable; however, no independent sources have verified such surveys and estimates. To the extent that such information has been sourced from third parties, it has been identified accordingly in this document.

24 GENERAL

24.1 The Company's auditors are Haines Watts East Midlands Audit LLP of Woburn Court, 2 Railton Road, Kempston, Bedfordshire, MK42 7PN who are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

24.2 Haines Watts East Midlands Audit LLP which has no material interest in the Company, has given and has not withdrawn its written consent to the issue of this document with the inclusion of the references to its name.

24.3 PKF Littlejohn LLP which has no material interest in the Company, has given and has not withdrawn its written consent to the issue of this document with the inclusion of the references to its name.

24.4 Novum Securities Limited has given and not withdrawn their consent to the inclusion in this Document of their name in the form and in the context in which it appears.

24.5 The total costs and expenses of or incidental to the Fundraising and Admission payable by the Company are expected to be approximately £787,000 (including irrecoverable VAT).

24.6 The Directors are not aware of any environmental issues which may affect the Company's utilisation of its tangible fixed assets (if any).

24.7 The Company's accounting reference date is 31 December.

24.8 The financial information relating to the Company contained in this document does not constitute statutory accounts for the purposes of section 434 The Companies Act 2006.

24.9 This document has been prepared in accordance with current UK tax legislation, practice and concession and interpretation thereof. Such legislation and practice may change, and the current interpretation may therefore no longer apply.

24.10 As at the date of this document the Company has no principal investments in progress and there are no future principal investments on which the Company has made a firm commitment.

24.11 The Directors will apply for the entire issued Share Capital to be admitted to CREST with effect from Admission. Accordingly, it is expected that the entire issued Share Capital will be enabled for settlement in CREST following Admission.

24.12 Save as set out in this document and so far as the Directors are aware, there are no arrangements relating to the Company, the operation of which may at a subsequent date result in a change of control of the Company.

25 DOCUMENTS AVAILABLE FOR INSPECTION

25.1 Copies of the following documents may be inspected at the registered office of the Company during normal business hours of any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document:

25.1.1 the Articles;

25.1.2 the accountant's report by PKF Littlejohn LLP set out in Part IV (A);

25.1.3 the consent letters referred to in paragraph 24;

25.1.4 this document;

25.1.5 the service agreements and letters of appointment of the Directors referred to in paragraph 10.4 of this Part VI; and

25.1.6 the material contracts referred to in paragraph 12 of this Part VI.

25.2 In addition, this Prospectus will be published in electronic form and be available on the Company's website at https://worldchess.com/us/investors subject to certain legal access restrictions to persons who are outside the United Kingdom.

Date: 20 March 2023

PART VII

NOTICE TO INVESTORS AND DISTRIBUTORS

The distribution of this Document may be restricted by law in certain jurisdictions and therefore persons into whose possession this Document comes should inform themselves about and observe any restrictions, including those set out below. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

General

No action has been or will be taken in any jurisdiction that would permit a public offering of the Ordinary Shares, or possession or distribution of this Document or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and neither this Document nor any other offering material or advertisement in connection with the Ordinary Shares may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Document does not constitute an offer to subscribe for any of the Ordinary Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

No arrangement has however been made with the competent authority in any other EEA state (or any other jurisdiction) for the use of this Document as an approved prospectus in such jurisdiction and accordingly no public offer is to be made in such jurisdiction. Issue or circulation of this Document may be prohibited in countries other than those in relation to which notices are given below. This Document does not constitute an offer to sell, or the solicitation of an offer to subscribe for, or buy, shares in any jurisdiction in which such offer or solicitation is unlawful.

The distribution of this Document in other jurisdictions may be restricted by law and therefore persons into whose possession this Document comes should inform themselves about and observe any such restrictions.

INVESTORS IN THE UNITED KINGDOM

This Document has been approved by the FCA, as competent authority under the UK Prospectus Regulation. The FCA only approves this Document as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the securities that are the subject of the prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

This Document has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules.

In relation to the United Kingdom, no Subscription Shares or Retail Offer Shares have been offered or will be offered pursuant to the Subscription to the public in the United Kingdom prior to the publication of the Prospectus has been approved by the FCA, except that the Subscription Shares or Retail Offer Shares may be made to the public in the United Kingdom at any time:

(i) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under the UK Prospectus Regulation), subject to obtaining the prior consent of Novum for any such offer; or

(iii) in any other circumstances falling within Section 86 of the FSMA, provided that no such offer of the Subscription Shares or the Retail Offer Shares shall require the Company or Novum to publish a prospectus pursuant to Section 85 of the FSMA or supplemental prospectus pursuant to Article 23 of the UK Prospectus Regulation.

Each person in the United Kingdom who acquires any Subscription Shares or the Retail Offer Shares in the Subscription or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company and Novum that it is a qualified investor within the meaning of the UK Prospectus Regulation.

In the case of any Subscription Shares or the Retail Offer Shares being offered to a financial intermediary as that term is used in Article 5(1) of the UK Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed to and with the Company and Novum that the Subscription Shares or the Retail Offer Shares acquired by it in the Subscription have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in the

United Kingdom to qualified investors, in circumstances in which the prior consent of the Banks has been obtained to each such proposed offer or resale. Neither the Company nor Novum have authorised, nor do they authorise, the making of any offer of Subscription Shares through any financial intermediary, other than offers made by Novum which constitute the final placement of the New Ordinary Shares contemplated in this document.

The Company and Novum and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

For the purposes of this provision, the expression an "offer to the public" in relation to the Subscription Shares or the Retail Offer Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares and the expression.

INVESTORS IN THE EUROPEAN ECONOMIC AREA

In relation to each member state of the European Economic Area ("EEA") (each a "Member State"), no Subscription Shares or Retail Offer Shares have been offered or will be offered pursuant to the Subscription to the public in that Member State prior to the publication of a prospectus in relation to the Subscription Shares or Retail Offer Shares which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation, except the Subscription Shares or Retail Offer Shares may be offered to the public in that Member State at any time:

(i) to any legal entity which is a qualified investor as defined under Article 2 the Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation) subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or

(iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of Offer Shares shall require the Company or any Bank to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

Each person in a Member State who acquires any Subscription Shares or Retail Offer Shares in the Subscription or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company and Novum that it is a qualified investor within the meaning of the Prospectus Regulation.

In the case of any Subscription Shares or Retail Offer Shares being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed to and with the Company and Novum that the Subscription Shares or Retail Offer Shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in a Member State to qualified investors, in circumstances in which the prior consent of Novum has been obtained to each such proposed offer or resale. Neither the Company nor Novum has authorised, nor do they authorise, the making of any offer of Subscription Shares or Retail Offer Shares through any financial intermediary, other than offers made by Novum which constitute the final placement of Subscription Shares or Retail Offer Shares contemplated in this document.

The Company and Novum and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

In this context, the expression "an offer to the public" in relation to New Ordinary Shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the Subscription and any Subscription Shares or Retail Offer Shares to be offered so as to enable an investor to decide to purchase, or subscribe for, any Subscription Shares or Retail Offer Shares.

NOTICE TO OVERSEAS SHAREHOLDERS

An Overseas Shareholder may not be able to enforce a judgment against some or all of the Directors and executive officers. The Company is incorporated under the laws of England and Wales and a number of the Directors are residents of either Canada or the United Kingdom. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the Directors within the Overseas Shareholder's country of residence or to enforce against the Directors judgments of courts of the Overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that an Overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than the UK against the Directors who are residents of either Canada or the United Kingdom or countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the Directors in any original action based solely on the foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction in England or other countries.

NOTICE TO ALL SHAREHOLDERS

Copies of this document will be available on the Company's website, www.worldchess.com from the date of this document until the date which is one month from the date of Admission.

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that such Ordinary Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each defined in paragraph 3 of the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all permitted distribution channels (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, "distributors" should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to any contractual, legal or regulatory selling restrictions in relation to the Subscription. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Novum will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapter 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

20 March 2023

PART VIII

DEFINITIONS

The following definitions apply throughout this Document, unless the context requires otherwise.

"£" or **"pound(s) sterling"**	UK pound sterling
"Act"	the UK Companies Act 2006, as amended
"Admission"	the admission of the Share Capital to the Official List, by way of a Standard Listing, and to trading on the Main Market becoming effective
"Articles"	the articles of association of the Company as amended and/or restated from time to time
"Audit Committee"	the audit committee established by the Company, as described at paragraph 2 of Part II of this document
"Board" or **"Existing Directors"**	the current directors of the Company, whose names are set out on page 23 of this Document
"certificated" or **"in certificated form"**	an Ordinary Share which is not in uncertificated form
"Company" or **"WCP"**	World Chess plc, company number 10589323, with its registered office address at No 1 Royal Exchange, London, EC3V 3DG
"Connected Person"	as defined in section 252 of the Companies Act
"Control"	an interest, or interests, in Ordinary Shares carrying in aggregate 30 per cent. Or more of the voting rights of a company, irrespective of whether such interest or interests give *de facto* control
"CREST Regulations"	the Uncertificated Securities Regulations 2001of the UK (SI 2001/3755) (as amended)
"CREST"	the computer-based system (as defined in the CREST Regulations) for paperless settlement of share transfers and holding shares in uncertificated form which is administered by Euroclear
"Directors"	the Existing Directors and the Proposed Directors, as applicable
"Disclosure Guidance and Transparency Rules"	the Disclosure Guidance and Transparency Rules made by the FCA pursuant to section 73A of the FSMA, as amended from time to time
"Document"	this prospectus
"EEA"	the European Economic Area
"EU"	the European Union
"EUWA"	European Union (Withdrawal) Act 2018
"Exchange Act"	the US Securities Exchange Act of 1934, as amended
"FCA"	the UK Financial Conduct Authority
"FIDE"	the International Chess Federation
"FIDE Online Agreement"	the online agreement between the Company and FIDE, further details of which are set out in Paragraph 12.1 of Part VI of this document
"FOA"	the FIDE online arena
"FSMA"	the Financial Services and Markets Act 2000 (as amended)
"Fundraise"	together the Subscription and Retail Offer
"the Group" or **"World Chess"**	World Chess plc and all its subsidiary companies
"HMRC"	Her Majesty's Revenue and Customs
"IFRS"	International Financial Reporting Standards as adopted by the EU
"Issue Price"	6.25 pence per Ordinary Share
"Latest Practicable Date"	17 March 2023

"Listing Rules"	the listing rules made by the FCA pursuant to section 73A of FSMA, as amended from time to time
"London Stock Exchange" or **"LSE"**	London Stock Exchange plc
"Main Market"	the LSE's main market for listed securities
"MAR"	the EU Market Abuse Regulation (EU 596/2014#)
"Member States"	member states of the EU
"New Ordinary Shares"	the 64,512,812 new Ordinary Shares to be issued
"Non-executive Directors"	any Director of the Company appointed as a non-executive director from time to time
"Novum"	Novum Securities Limited of 57 Berkeley Square, London, W1J 6ER
"Nomination Committee"	the Company's nomination committee comprising of the Non-executive Directors
"Official List"	the Official List of the FCA
"Ordinary Share Capital"	the entire issued share capital of the Company, comprising 602,392,689 Ordinary Shares on the date of this Document
"Ordinary Shares"	ordinary shares of £0.0001 in the capital of the Company from time to time
"Overseas Shareholders"	holders of Ordinary Shares who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the UK or persons who are nominees or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the UK which may be affected by the laws or regulatory requirements of the relevant jurisdictions.
"Premium Listing"	a Premium Listing in accordance with Chapter 6 of the Listing Rules
"PrimaryBid"	PrimaryBid Limited, a company incorporated in England and Wales with registered number 08092575
"PrimaryBid Offerees"	PrimaryBid's clients who are residents and physically present in the UK for tax and all other purposes
"Proposed Directors"	the proposed directors of the Company whose names are set out on page 23 of this document
"Prospectus Regulation"	the EU Prospectus Regulation (EU 2017/1129 of the European Parliament and of the Council of 14 June 2017#)
"Prospectus Regulation Rules"	the Prospectus Regulation Rules sourcebook made by the FCA pursuant to section 73A of the FSMA, as amended from time to time
"Prytek"	Prytek Investment Holdings PTE Ltd, a company incorporated in Singapore with company number 201913001N
"QCA Code"	the Quoted Companies Alliance Corporate Governance Code published by the Quoted Companies Alliance (as amended from time to time)
"Registrars" or **"Share Registrars Ltd"**	the Company's registrars, Share Registrars Ltd
"Remuneration Committee"	the Company's remuneration committee comprising of the Non-executive Directors
"Retail Offer"	The offer of the Retail Shares to be issued to PrimaryBid Offerees at the Subscription Price, further details of which are set out in Part I of this document
"Securities Act"	the US Securities Act of 1933, as amended
"Shareholder"	a holder of Ordinary Shares from time to time
"Standard Listing"	a Standard Listing in accordance with Chapter 14 of the Listing Rules
"Subscription"	the issue of the Subscription Shares at the Subscription Price
"Subscription Price"	6.25p per Subscription Share

"Subscription Shares"	63,608,812 Ordinary Shares which have been conditionally subscribed for pursuant to the Subscription
"Takeover Code"	the UK City Code on Takeovers and Mergers
"UK Corporate Governance Code"	the UK corporate governance code published by the Financial Reporting Council and as amended from time to time
"UK"	the United Kingdom of Great Britain and Northern Ireland
"UK Prospectus Regulation"	the UK version of Regulation (EU) 2017/1129, which is part of the laws of England and Wales by virtue of the EUWA and certain other enacting measures
"UK MAR"	the UK version of Regulation (EU) 2017/1129, which is part of the laws of England and Wales by virtue of the EUWA and certain other enacting measures
"uncertificated" or **"in uncertificated form"**	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which, by virtue of the CREST Regulations, may be transferred by means of CREST
"US" or **"United States"**	the United States of America, each state thereof, its territories and possessions and the District of Columbia and all other areas subject to its jurisdiction
"US Investment Company Act"	the US Investment Company Act of 1940
"VAT"	UK value added tax