

# Geewa

Geewa a.s.  
ANNUAL REPORT  
2019

## **Contents**

- 1. Basic Identification Details of the Company**
- 2. Report on Business Activities and Assets**
- 3. Report on Relations between the Controlling Party and the Subsidiary**
- 4. Financial Statements and Notes to the Financial Statements**
- 5. Independent Audit Report**

## 1. Basic Identification Details of the Company

Geewa a.s., Id. No. 25617036, with its registered office at Sokolovská 366/84, Prague 8 – Karlín, 186 00, the Czech Republic, registered in the Commercial Register kept by the Municipal Court in Prague under File No. B 18480 (hereinafter the “Company”), is a legal entity, a joint-stock company, incorporated on 17 October 1997.

The Company’s main business objective is the development and publishing of competitive multi-player games that can be run on various platforms, especially on iOS and Android mobile platforms. In this connection, the Company also offers services in the area of sale of advertising space.

As of 31 December 2019, the Company was owned by the following shareholders:

MCI.PrivateVentures Fundusz Inwestycyjny Zamknięty (MCI)	33.1%
KKCG Investments N.V. (KKCG)	62.1%
Miloš Endrle	3.9%
Klaas Kersting	0.9%

In 2019, there were no changes registered with respect to the Company’s **Board of Directors**.

In 2019, there were these changes registered with respect to the **Supervisory Board**:

- Mr. David Marek became a new member of the Supervisory Board. On the same day, Mr. Pavel Šťoviček resigned and Mr. Maciej Bogaczyk became the new Chairman of the Supervisory Board. These changes were registered in the Commercial Register on 2 May 2019.

In 2019, there were these changes registered in the Commercial Register with respect to **Equity and Share Capital**:

- On 4 November 2019, a decrease in share capital was recorded to the amount of CZK 8,845,260 as a result of the liquidation of own shares. The amount is fully paid.

## 2. Report on the Company's Business Activities and the State of its Assets for the Period from 1 January 2019 to 31 December 2019

### Economic Results

The loss of CZK 4,272 thousand incurred in 2019 was lower than the loss of CZK 14,504 thousand reported in 2018. The loss reported in 2019 resulted especially from the following factors:

- investments in acquisition of users of the game Smashing Four
- investments in development of a new game under the working title Smash Rivals with the expected launch in the second quarter of 2020

In the following years, revenues from these investments are expected. Despite past losses, the Company is heading towards the break-even point and generation of profit.

The main source of the Company's financing in 2019 were convertible loans provided by both main investors, MCI and KKCG.

### Structure of revenues

A predominant part of the Company's revenue is created by sales within the games (item "Games" in the table below). The games developed by the Company are operated in a "free-to-play" mode; this means that the players download and play the games free of charge, and only pay for the virtual items. Next part of the revenues is coming from the sale of advertising space within the game platforms (item "Advertising" in the table below). The last source of revenues comes from the Company's share in the revenues from the games developed and supplied by third parties (item "Other" in the table below). In this respect, the Company operates as a game publisher for other developers, in particular through its gaming portal Duelovky.cz. The structure of revenue is shown in the following table (in CZK thousands):

		Domestic sales	EU	3 <sup>rd</sup> countries	Total
Advertising	2019	242	1	2 381	2 624
	2018	777	281	3 553	4 611
Games	2019	---	319 957	133	320 090
	2018	---	160 518	40	160 558
Other	2019	1 264	79	5	1 348
	2018	1 192	407	19	1 618
Total	2019	1 506	320 037	2 519	324 062
	2018	1 969	161 206	3 612	166 787

### State of the Company's Assets

As of 31 December 2019, the Company's equity amounted to CZK 6,621 thousand (2018 – 10,903 thousand). The value of the external resources as of the same date amounted to CZK 86,480 thousand (2018 – CZK 50,763 thousand) and the balance sheet total amounted to CZK 93,101 thousand (2018 – CZK 61,666 thousand).

The Company's fixed assets in the amount of CZK 33,340 thousand (2018 – CZK 12,195 thousand) are formed in particular by intangible fixed assets, especially software created by the Company's own activities: technical improvement of the individual games.

In 2019 the Company leased its offices and parking spaces based on a contract for a fixed term until 30 September 2022. The total annual costs relating to this lease and the associated services reached CZK 3,065 thousand in 2019 (2018 – CZK 2,504 thousand). In 2019, the Company entered into a future contract for larger rental premises with the intention of changing its registered office and subleasing the original premises or terminate the lease prematurely and accept penalties.

### **HR Policy and Labour-law Relationships**

The HR policy is linked to fulfilment of the Company's business plan. The Company's long-term aim is to retain its key employees and to hire new qualified personnel.

### **Intended and Anticipated Development of the Company's Activities**

In 2020, the Company expects a continuous increase in revenues coming from its flagship title Smashing Four, caused by both paid user acquisition campaigns in developed markets and the associated advertisement revenues. In the second quarter of 2020, a new game with the working title Smash Rivals is expected to be launched. This is a game for casual players and builds its gaming, monetisation and technological design on the experience from all the Company's preceding games.

### **Important Subsequent Events after the Balance Sheet Date**

As at the date of preparation of the financial statements, the Company's management is not aware of any significant subsequent events that would affect the financial statements as at 31 December 2019. However, without affecting the financial statements, the following significant events occurred after the balance sheet date:

- on 31 January 2020, the Company was sold to a new owner, the American company AppLovin Corporation, which became the sole owner of the Company
- the purchase agreement included the signing of so-called "Payoff Agreements", thanks to which the Company's unconverted debts to the original owners were included in the reduction of the purchase price, including accrued interest
- in connection with the sale of the Company, so-called "post-closing" procedures occurred, e.g. a new wording of the Company's Articles of Association, a new composition of the Company's statutory bodies, etc.
- in March 2020, the Company moved to its new registered office at DOCK03, Boudníkova 2506/1, 180 00 Prague 8 Libeň. This change was registered in the Commercial Register on 19 March 2020. The lease agreement was concluded in January 2020 for 91 months.
- in connection with government regulations addressing the spread of Covid-19, the Company took several measures, including mandatory home office, from March to May 2020. Thanks to the involvement of technological tools, remote cooperation did not have a significant negative impact on labor productivity. The effects on the Company sales and activity of its player base were insignificant. The overall impact of

Covid-19 on the Company was thus practically negligible due to the interplay of circumstances and the nature of the industry.

#### **Activities in the Area of Research and Development**

The Company did not perform any activities in the area of research and development other than game research and development, which is the main subject of the Company's activities.


#### **Activities in the Area of Environmental Protection**

The Company did not perform any activities in the area of environmental protection.

#### **Branch or other business abroad**

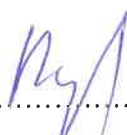
The Company has never had any branch or any other part of its business enterprise abroad.

In Prague, on 8 July 2020



.....

**Miloš Endrle**, Chairman of the Board of Directors



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**Petr Příbyl**, Member of the Board of Directors

### 3. Report on Relations between the Controlling Party and the Subsidiary

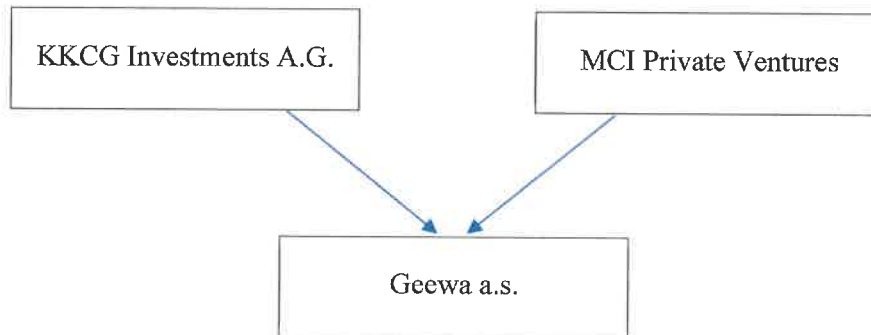
#### Introduction

According to Article 2.2 of the Shareholder's Agreement dated 7 August 2019 (hereinafter referred to as "SHA" - Shareholder's Agreement) on *bona fide* cooperation and Article 7.2 of the same agreement on the nomination of members of the Board of Directors, it can be interpreted as SHA is a sign of acting jointly in accordance with § 78 paragraph 2) letter i) of Act No. 90/2012 Coll., on Business Corporations (hereinafter referred to as "ZOK").

The statutory body of the Company, as a subsidiary, therefore prepared in accordance with § 82 ZOK this report on relations between the controlling party and the subsidiary and between the parties controlled by the same controlling party for the 2019 accounting period as follows (hereinafter referred to as "Report").

For 2018 and previous years, the Company did not prepare a Report. It was based on the assumption that according to Article XII, paragraph 6 of the Company's Articles of Association, the consent of all shareholders holding preference shares B, i.e. KKCG Investments and MCI, is required for the adoption of all significant decisions of the General Meeting (including e.g. election of members of the Board of Directors). The statutory body of the Company considered that, as a result of the above-mentioned restriction, the basic definition of control by the majority shareholder, namely the possibility of exercising decisive influence in the company, was not fulfilled.

#### Structure of relations between the controlling party, the subsidiary and the parties controlled by the same controlling party - 82 para. a) ZOK



#### Controlling entities

The legal entity KKCG Investments AG, with its registered office at Kapellgasse 21, 6004 Lucerne, Switzerland, and the legal entity MCI.PrivateVentures Fundusz Inwestycyjny Zamknięty with the sub-fund MCI.TechVentures 1.0, with its registered office at Emilii Plater 53, 00113, Warsaw, Poland have together a 95.2% share in the subsidiary and are considered to be controlling parties (hereinafter referred to as "Controlling Parties").

#### Subsidiary controlled by Controlling parties

The subsidiary controlled by the Controlling Parties is the Company.

### **The role of subsidiaries - § 82 para. 2 let. b) ZOK**

The subsidiary is owned by a decisive share of the controlling entities and, within the scope of performing economic activities, performs the tasks of the controlling parties.

### **Manner and means of control - § 82 par. 2) let. c) ZOK**

The manner and means of control are regular meetings of the Controlling Parties with the Company.

### **Summary of acts performed in the accounting period 2019, which were performed at the instigation or in the interest of the Controlling Party or its subsidiaries, if such conduct concerned assets exceeding 10% of the subsidiary's equity determined according to the latest financial statements - § 82 para. . d) ZOK**

Provision of the loan from KKCG Investments A.G. in the amount of EUR 666 thousand i.e. CZK 16 918 thousand with an interest rate of 10% p.a.

Provision of the loan from MCI Private Ventures in the amount of EUR 333 thousand i.e. CZK 8 459 thousand with an interest rate of 10% p.a.

Conclusion of a contract with the consulting company Oakvale Capital with a contract value of EUR 424 thousand i.e. CZK 10 770 thousand.

### **Overview of mutual agreements between the subsidiary and the controlling party or between the subsidiaries - § 82 para. 2 let. e) ZOK**

Shareholder and investment agreement dated 27 February 2017

Agreement with KKCG Investments A.G. on a loan in the amount of EUR 200 thousand dated 28 February 2018 - loan balance as at 31 December 2019 in the amount of EUR 0 thousand.

Agreement with MCI Private Ventures on a loan in the amount of EUR 150 thousand dated 28 February 2018 - loan balance as at 31 December 2019 in the amount of EUR 0 thousand.

Agreement with KKCG Investments A.G. on a loan in the amount of EUR 652 thousand dated 7 June 2018 - loan balance as at 31 December 2019 in the amount of EUR 652 thousand i.e. CZK 16 567 thousand is reported in short-term liabilities, specifically, in the item Liabilities - controlled or controlling entity.

Agreement with MCI Private Ventures on a loan in the amount of EUR 348 thousand dated 7 June 2019 - loan balance as at 31 December 2019 in the amount of EUR 348 thousand i.e. CZK 8 843 thousand is reported in short-term liabilities, specifically, in the item Liabilities - controlled or controlling entity.

Shareholder agreement dated August 7 2019

Investment agreement dated August 7 2019

Agreement with KKCG Investments A.G. on a loan with a total amount of EUR 1,000 thousand dated 23 July 2019 - loan balance as at 31 December 2019 in the amount of EUR 667 thousand i.e. CZK 16 940 thousand is reported in short-term liabilities, specifically, in the item Liabilities - controlled or controlling entity.



Agreement with MCI Private Ventures on a loan with a total amount of EUR 500 thousand dated 7 August 2019 - loan balance as at 31 December 2019 in the amount of EUR 333 thousand i.e. CZK 8 470 thousand is reported in short-term liabilities, specifically, in the item Liabilities - controlled or controlling entity.

**Assessment of whether the Subsidiary suffered damage and assessment of its compensation - 82 para. f) ZOK**

Due to the conclusion of the above-mentioned agreements, the Subsidiary did not suffer any damage pursuant to Sections 71 and 72 of Act No. 90/2012 Coll., On Business Corporations.

**Evaluation of advantages and disadvantages arising from the relations between the Subsidiary and the Controlling Party - § 82 para. 4 ZOK**

As a result of concluding the above-mentioned agreements, an advantage arose both for the Subsidiary in the form of secured financing, which it would not have achieved on the market itself, and for the Controlling Parties, which were able to maintain and build value in their asset portfolio.

**Conclusion**

The statutory body of the Company declares that it has prepared this Report with due diligence and that it has included in this Report all relations known to it between the Subsidiary and the Controlling Parties and that it had all the necessary information for its preparation.

Prepared on March 31, 2020



**Miloš Endrle**

Chairman of the Board of Directors



**Tomáš Hnilička**

Member of the Board of Directors

## 4. Financial Statements and Notes to the Financial Statements

Company name: Geewa a.s.  
 Identification number: 25617036  
 Legal form: Joint-stock company  
 Primary business: Manufacture, trade and services not listed in Annexes 1 to 3 to the Trade Act  
 Balance sheet date: 31 December 2019  
 Date of preparation of the financial statements: 8 July 2020

### BALANCE SHEET (in thousand Czech crowns)

Ref.	ASSETS	Row	12/31/2019			12/31/2018
			Gross	Provision	Net	Net
a	b	c	1	2	3	4
	<b>TOTAL ASSETS</b>	<b>001</b>	<b>189,021</b>	<b>(95,920)</b>	<b>93,101</b>	<b>61,666</b>
<b>B.</b>	<b>Fixed assets</b>	<b>003</b>	<b>129,260</b>	<b>(95,920)</b>	<b>33,340</b>	<b>12,195</b>
<b>B. I.</b>	<b>Intangible fixed assets</b>	<b>004</b>	<b>117,630</b>	<b>(90,213)</b>	<b>27,417</b>	<b>11,382</b>
B. I. 2.	Royalties	006	117,630	(90,213)	27,417	11,382
B. I. 2. 1.	Software	007	117,630	(90,213)	27,417	11,382
<b>B. II.</b>	<b>Tangible fixed assets</b>	<b>014</b>	<b>11,630</b>	<b>(5,707)</b>	<b>5,923</b>	<b>813</b>
B. II. 1.	Land and constructions	015	2,196	(2,196)	-	-
B. II. 1. 2.	Constructions	017	2,196	(2,196)	-	-
B. II. 2.	Equipment	018	4,359	(3,511)	848	813
B. II. 5.	Advances paid and tangible fixed assets in the course of construction	024	5,075	-	5,075	-
B. II. 5. 1.	Advances paid for tangible fixed assets	025	5,075	-	5,075	-
<b>C.</b>	<b>Current assets</b>	<b>037</b>	<b>48,352</b>	<b>-</b>	<b>48,352</b>	<b>38,294</b>
<b>C. II.</b>	<b>Receivables</b>	<b>046</b>	<b>23,432</b>	<b>-</b>	<b>23,432</b>	<b>19,515</b>
C. II. 1.	Long-term receivables	047	2,713	-	2,713	812
C. II. 1. 5.	Receivables - other	052	2,713	-	2,713	812
C. II. 1. 5. 2.	Long-term advances paid	054	2,713	-	2,713	812
C. II. 2.	Short-term receivables	057	20,719	-	20,719	18,703
C. II. 2. 1.	Trade receivables	058	18,924	-	18,924	17,162
C. II. 2. 4.	Receivables - other	061	1,795	-	1,795	1,541
C. II. 2. 4. 3.	Taxes - receivables from the state	064	1,025	-	1,025	1,079
C. II. 2. 4. 4.	Short-term advances paid	065	529	-	529	315
C. II. 2. 4. 5.	Estimated receivables	066	241	-	241	147
<b>C. IV.</b>	<b>Cash</b>	<b>075</b>	<b>24,920</b>	<b>-</b>	<b>24,920</b>	<b>18,779</b>
C. IV. 1.	Cash in hand	076	9	-	9	2
C. IV. 2.	Cash at bank	077	24,911	-	24,911	18,777
<b>D.</b>	<b>Prepayments and accrued income</b>	<b>078</b>	<b>11,409</b>	<b>-</b>	<b>11,409</b>	<b>11,177</b>
D. 1.	Prepaid expenses	079	1,211	-	1,211	2,355
D. 3.	Accrued income	081	10,198	-	10,198	8,822

Ref.	LIABILITIES AND EQUITY	Row	12/31/2019	12/31/2018
a	b	c	5	6
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>082</b>	<b>93,101</b>	<b>61,666</b>
<b>A.</b>	<b>Equity</b>	<b>083</b>	<b>6,621</b>	<b>10,903</b>
<b>A. I.</b>	<b>Share capital</b>	<b>084</b>	<b>8,845</b>	<b>8,856</b>
A. I. 1	Share capital	085	8,845	8,856
<b>A. II.</b>	<b>Share premium and capital contributions</b>	<b>088</b>	<b>190,757</b>	<b>190,757</b>
A. II. 1	Share premium	089	49,915	49,915
A. II. 2	Capital contributions	090	140,842	140,842
A. II. 2. 1	Other capital contributions	091	140,842	140,842
<b>A. III.</b>	<b>Other reserves</b>	<b>096</b>	<b>20</b>	<b>20</b>
A. III. 1	Other reserve funds	097	20	20
<b>A. IV.</b>	<b>Retained earnings / Accumulated losses</b>	<b>099</b>	<b>(188,729)</b>	<b>(174,226)</b>
A. IV. 1	Retained earnings or accumulated losses (+/-)	100	(188,729)	(174,226)
<b>A. V.</b>	<b>Profit / (loss) for the current period</b>	<b>102</b>	<b>(4,272)</b>	<b>(14,504)</b>
<b>B. + C.</b>	<b>Liabilities</b>	<b>104</b>	<b>86,480</b>	<b>50,763</b>
<b>B.</b>	<b>Provisions</b>	<b>105</b>	<b>6,301</b>	<b>1,870</b>
B. 4.	Other provisions	109	6,301	1,870
<b>C.</b>	<b>Liabilities</b>	<b>110</b>	<b>80,179</b>	<b>48,893</b>
<b>C. II.</b>	<b>Short-term liabilities</b>	<b>126</b>	<b>80,179</b>	<b>48,893</b>
C. II. 4.	Trade payables	132	19,012	15,530
C. II. 6.	Liabilities - subsidiaries and controlling party	134	55,777	27,317
C. II. 8.	Liabilities - other	136	5,390	6,046
C. II. 8. 3.	Liabilities to employees	139	2,470	1,424
C. II. 8. 4.	Liabilities for social security and health insurance	140	1,373	864
C. II. 8. 5.	Taxes and state subsidies payable	141	747	300
C. II. 8. 6.	Estimated payables	142	615	3,108
C. II. 8. 7.	Other liabilities	143	185	350

Company name: Geewa a.s.

Identification number: 25617036

Legal form: Joint-stock company

Primary business: Manufacture, trade and services not listed in Annexes 1 to 3 to the Trade Act

Balance sheet date: 31 December 2019

Date of preparation of the financial statements: 8 July 2020

## INCOME STATEMENT

(in thousand Czech crowns)

Ref.	TEXT	Row	Accounting period	
			2019	2018
a	b	c	1	2
<b>I.</b>	<b>Sales of products and services</b>	<b>01</b>	<b>324,062</b>	<b>166,787</b>
<b>A.</b>	<b>Cost of sales</b>	<b>03</b>	<b>285,361</b>	<b>147,312</b>
A. 2.	Raw materials and consumables used	05	1,133	823
A. 3.	Services	06	284,228	146,489
<b>C.</b>	<b>Own work capitalised</b>	<b>08</b>	<b>(25,816)</b>	<b>(13,967)</b>
<b>D.</b>	<b>Staff costs</b>	<b>09</b>	<b>50,039</b>	<b>27,865</b>
D. 1.	Wages and salaries	10	37,590	20,722
D. 2.	Social security, health insurance and other social costs	11	12,449	7,143
D. 2. 1.	Social security and health insurance costs	12	11,865	6,850
D. 2. 2.	Other social costs	13	584	293
<b>E.</b>	<b>Value adjustments in operating activities</b>	<b>14</b>	<b>10,449</b>	<b>15,865</b>
E. 1.	Value adjustments of fixed assets	15	10,457	15,857
E. 1. 1.	Depreciation, amortisation and write off of fixed assets	16	19,380	14,581
E. 1. 2.	Provision for impairment of fixed assets	17	(8,923)	1,276
E. 3.	Provision for impairment of receivables	19	(8)	8
<b>III.</b>	<b>Operating income - other</b>	<b>20</b>	<b>291</b>	<b>93</b>
III. 3.	Other operating income	23	291	93
<b>F.</b>	<b>Operating expenses - other</b>	<b>24</b>	<b>4,860</b>	<b>1,805</b>
F. 3.	Taxes and charges from operating activities	27	153	6
F. 4.	Operating provisions and complex prepaid expenses	28	4,431	1,635
F. 5.	Other operating expenses	29	276	164
<b>*</b>	<b>Operating result</b>	<b>30</b>	<b>(540)</b>	<b>(12,000)</b>
J.	Interest and similar expenses	43	3,613	3,114
J. 1.	Interest and similar expenses - subsidiaries or controlling party	44	3,613	3,082
J. 2.	Other interest and similar expenses	45	-	32
<b>VII.</b>	<b>Other financial income</b>	<b>46</b>	<b>2,380</b>	<b>1,646</b>
<b>K.</b>	<b>Other financial expenses</b>	<b>47</b>	<b>2,499</b>	<b>1,036</b>
<b>*</b>	<b>Financial result</b>	<b>48</b>	<b>(3,732)</b>	<b>(2,504)</b>
<b>**</b>	<b>Net profit / (loss) before taxation</b>	<b>49</b>	<b>(4,272)</b>	<b>(14,504)</b>
<b>**</b>	<b>Net profit / (loss) after taxation</b>	<b>53</b>	<b>(4,272)</b>	<b>(14,504)</b>
<b>***</b>	<b>Net profit / (loss) for the financial period</b>	<b>55</b>	<b>(4,272)</b>	<b>(14,504)</b>
	<b>Net turnover for the financial period</b>	<b>56</b>	<b>326,733</b>	<b>168,526</b>

### Note

The financial statements have been prepared in the Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over the English version.

## 1. General information

### 1.1. Introductory information about the Company

#### Origin and characteristics of the Company

Geewa a.s. (“the Company”) was incorporated on 17 October 1997, registered in the Commercial Register kept by the Municipal Court in Prague, under the file. B 18480. Its primary business activities are manufacture, trade and services not listed in Annexes 1 to 3 to the Trade Act.

#### Ownership structure

As of 31 December 2019, the shareholders of the Company are:

MCI. Private Ventures Fundusz Inwestycyjny Zamknięty	33.1%
KKCG Investments N.V.	62.1%
Ing. Miloš Endrle	3.9%
Klaas Kersting	0.9%

#### Registered office of the Company

Geewa a.s.  
Sokolovská 366/41  
186 00 Prague 8  
Czech Republic

#### Identification number:

25617036

#### Members of the Board of Directors and the Supervisory Board as of 31 December 2019

Members of the Board of Directors	Members of the Supervisory Board
Petr Příbyl	Maciej Bogaczyk
Tomáš Hnilička	David Marek
Ing. Miloš Endrle (Chairman)	Marek Jablonský

The consolidated financial statements of the smallest and the largest group of accounting entities to which the Company belongs, as a consolidated accounting entity, are prepared by KKCG AG, with its registered office at Kapellgasse 21, Lucerne, The Swiss Confederation, reg. n. CHE-326.367.231 (hereinafter “KKCG AG”).

## 1.2 Changes registered in the Commercial Register

Governing body – Board of Directors:

In 2019, there were no changes registered with respect to the Company’s Board of Directors.

Supervisory Board:

Mr. David Marek became a new member of the Supervisory Board. On the same day, Mr. Pavel Šťovíček resigned and Mr. Maciej Bogaczyk became the new Chairman of the Supervisory Board. These changes were registered in the Commercial Register on 2 May 2019.

Equity and Shares Capital:

On 4 November 2019, a decrease in share capital was recorded to the amount of CZK 8,845,260 as a result of the liquidation of own shares. The amount is fully paid.

## 2. Accounting policies

### 2.1. Basis of preparation

These financial statements have been compiled in accordance with Act No. 563/1991 Coll., on accounting, as amended (hereinafter the “Accounting Act”) and Decree of the Ministry of Finance of the Czech Republic No. 500/2002 Coll., implementing certain provisions of the Accounting Act, for accounting entities that are entrepreneurs using double-entry bookkeeping, in the version applicable for 2019. Comparative information for 2018 is provided in accordance with the structure and designation of balance sheet and income statement items specified by the Decree as amended for 2019.

The financial statements have been prepared on a going concern basis.

### 2.2 Tangible and intangible fixed assets

Assets are valued on the basis of the acquisition price; intangible assets that are created by own activities are valued on the basis of actual own costs. Tangible fixed assets with acquisition cost not exceeding CZK 20 thousand and intangible fixed assets with acquisition cost not exceeding CZK 60 thousand are not recorded in the balance sheet; rather, they are recorded in costs in the year of purchase.

Valuation of fixed assets produced by the Company includes direct material, direct salaries and overhead costs directly related to their production until activation.

The following table includes the methods and periods of depreciation based on the asset type:

Assets	Method	Depreciation period
Buildings	Straight-line	30 years
Plant and equipment	Straight-line	2 to 5 years
Software	Straight-line	3 years

Technical improvements of leased tangible assets are depreciated on a straight-line basis over the shorter of the lease term and their estimated useful lives.

Technical improvements of the software are depreciated through term of the remaining useful life of the software if it is longer than 18 months at the time of the activation of the respective technical improvement. If the depreciation period is shorter than 18 months at the time of the activation of the respective technical improvement, the depreciation of the asset commences at the time of the activation of the technical improvement and is depreciated for 18 months.

In the income statement, depreciation is presented in “Depreciation, amortisation and write off of fixed assets”.

### **2.3 Provisions for impairment to software**

Provisions for impairment to software are determined based on the professional discretion of the company's Board of Directors, which takes into account the historical view of revenues, expected future revenues and the possible sale of a license for the software to a third party.

The creation and settlement of provisions is recognized in the income statement in the item " Provision for impairment of fixed assets".

### **2.4 Receivables**

Receivables are stated at nominal value less a provision for doubtful amounts. A provision for doubtful amounts is created on the basis of an ageing analysis and an individual evaluation of the credit worthiness of the customers. The creation and settlement of provisions is recognized in the income statement in the item "Provision for impairment of receivables".

### **2.5 Foreign currency translation**

Transactions denominated in a foreign currency are translated and recorded at the rate of exchange ruling as at the transaction date.

Cash, receivables and liabilities balances denominated in foreign currencies have been translated at the exchange rate published by the Czech National Bank as at the balance sheet date. All exchange gains and losses on cash, receivables and liabilities balances are recorded in the income statement.

The Company treats advances paid for the acquisition of fixed assets or inventories as part of these assets and therefore these assets are not translated as at the balance sheet date because related future cash flows are not subject to foreign exchange rate risk.

Balances of accrued expenses and accrued income denominated in foreign currencies have been translated at the exchange rate published by the Czech National Bank as at the balance sheet date

### **2.6 Changes in accounting policies and corrections of prior period errors**

Changes to accounting policies (inclusive of deferred tax impact) and corrections of errors arising from incorrect accounting or unrecorded expenses and income in prior periods, if material, are recorded in the financial statements line Restatements of retained earnings.

### **2.7 Provisions**

The Company recognises provisions to cover its obligations or expenses, when the nature of the obligations or expenses is clearly defined and it is probable or certain as at the balance sheet date that they will be incurred, however their precise amount or timing is not known. The provision recognised as at the balance sheet date represents the best estimate of expenses that will be probably incurred, or the amount of liability that is required for their settlement.

The Company recognises a provision for its income tax payable which is presented net of advances paid for the income tax. If advances paid are higher than the estimated income tax payable, the difference is recognised as a short-term receivable.

## **2.8 Revenue recognition**

Sales are recognised upon the delivery of products and customer acceptance and are stated net of discounts, fees and value added tax.

## **2.9 Related parties**

The Company's related parties are considered to be the following:

- parties, which directly or indirectly control the Company, their subsidiaries and associates;
- parties, which have directly or indirectly significant influence on the Company;
- members of the Company's or parent company's statutory and supervisory boards and management and parties close to such members, including entities in which they have a controlling or significant influence.

Material transactions and outstanding balances with related parties are disclosed in Note 13.

## **2.10 Interest expenses**

Interest expense on borrowings to finance the acquisition of intangible and tangible fixed assets are capitalised during the period of completion and preparation of the asset for its intended use. Other borrowing costs are expensed.

## **2.11 Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax asset is recognised if it is probable that sufficient future taxable profit will be available against which the asset can be utilised.

## **2.12 Subsequent events**

The effects of events, which occurred between the balance sheet date and the date of preparation of the financial statements, are recognised in the financial statements in the case that these events provide further evidence of conditions that existed as at the balance sheet date.

Where significant events occur subsequent to the balance sheet date but prior to the preparation of the financial statements, which are indicative of conditions that arose subsequent to the balance sheet date, the effects of these events are quantified and disclosed but are not themselves recognised in the financial statements.



### 3. Fixed assets

#### 3.1 Intangible fixed assets

2019	Software	Total
<b>Acquisition price</b>		
Balance as of 1 January 2019	136 606	136 606
Additions	25 816	25 816
Disposals	44 792	44 792
Balance as of 31 December 2019	117 630	117 630
<b>Accumulated depreciation</b>		
Balance as of 1 January 2019	116 301	116 301
Additions	18 704	18 704
Disposals	44 792	44 792
Balance as of 31 December 2019	90 213	90 213
<b>Impairment</b>		
Balance as of 1 January 2019	8 923	8 923
Change in provision for impairment	-8 923	-8 923
Balance as of 31 December 2019	0	0
<b>Net book value as of 1 January 2019</b>	<b>11 382</b>	<b>11 382</b>
<b>Net book value as of 31 December 2019</b>	<b>27 417</b>	<b>27 417</b>

Increases in intangible fixed assets in 2019 included technical improvement of the gaming server in the amount of CZK 5,131 thousand, technical improvement of the game Smash Casters in the amount of CZK 7,440 thousand and technical improvement of the game Smashing Four in the amount of CZK 13,245 thousand. No provision for impairment to software in 2019 was recognized because its carrying value was lower than calculated expected future revenues.

2018	Software	Total
<b>Acquisition price</b>		
Balance as of 1 January 2018	122 639	122 639
Additions	13 967	13 967
Disposals	--	--
Balance as of 31 December 2018	136 606	136 606
<b>Accumulated depreciation</b>		
Balance as of 1 January 2018	102 016	102 016
Depreciation	14 285	14 285
Balance as of 31 December 2018	116 301	116 301
<b>Impairment</b>		
Balance as of 1 January 2018	7 647	7 647
Change in provision for impairment	1 276	1 276
Balance as of 31 December 2018	8 923	8 923
<b>Net book value as of 1 January 2018</b>	<b>12 976</b>	<b>12 976</b>
<b>Net book value as of 31 December 2018</b>	<b>11 382</b>	<b>11 382</b>

### 3.2 Tangible fixed assets

2019	Buildings	Plant and equipment	Pool servers	Low value assets	Total
<b>Acquisition price</b>					
Balance as of 1 January 2019	2 196	1 928	1 590	2 495	8 209
Additions	--	124	--	587	711
Disposals	--	1 208	332	825	2 365
Balance as of 31 December 2019	2 196	844	1 258	2 257	6 555
<b>Accumulated depreciation</b>					
Balance as of 1 January 2019	2 196	1 685	1 590	1 925	7 396
Depreciation	--	121	--	555	676
Disposals	--	1 208	332	825	2 365
Balance as of 31 December 2019	2 196	598	1 258	1 655	5 707
<b>Net book value as of 1 January 2019</b>	<b>--</b>	<b>243</b>	<b>--</b>	<b>570</b>	<b>813</b>
<b>Net book value as of 31 December 2019</b>	<b>--</b>	<b>246</b>	<b>--</b>	<b>602</b>	<b>848</b>

2018	Buildings	Plant and equipment	Pool servers	Low value assets	Total
<b>Acquisition price</b>					
Balance as of 1 January 2018	2 196	1 652	1 590	1 795	7 233
Additions	--	276	--	700	976
Disposals	--	--	--	--	--
Balance as of 31 December 2018	2 196	1 928	1 590	2 495	8 209
<b>Accumulated depreciation</b>					
Balance as of 1 January 2018	2 086	1 651	1 590	1 772	7 100
Depreciation	110	33	--	153	296
Disposals	--	--	--	--	--
Balance as of 31 December 2018	2 196	1 685	1 590	1 925	7 396
<b>Net book value as of 1 January 2018</b>	<b>110</b>	<b>1</b>	<b>--</b>	<b>23</b>	<b>133</b>
<b>Net book value as of 31 December 2018</b>	<b>--</b>	<b>243</b>	<b>--</b>	<b>570</b>	<b>813</b>

### 3.3. Advances paid for tangible fixed assets

In 2019, the company provided advances for tangible fixed assets in the amount of CZK 5,075 thousand (2018 – CZK 0 thousand) in connection with construction work in new office space.

## 4. Leased assets

The Company leases its offices and parking spaces based on a contract for a fixed term until 30 September 2022. The total annual costs relating to this lease and the associated services reached CZK 3,065 thousand in 2019 (2018 – CZK 2,504 thousand).

## 5. Trade receivables and payables

5.1 Short-term trade receivables amounted to CZK 18,924 thousand (2018 – CZK 17,170 thousand), of which CZK 0 thousand (2018 – CZK 814 thousand) are overdue receivables. As at 31 December 2019, the provision for doubtful receivables in amount of CZK 0 thousand (2018 - CZK 8 thousand) was created.

5.2 Short-term trade payables amounted to CZK 19,012 thousand (2018 – CZK 15,530 thousand), of which CZK 725 thousand (2018 – CZK 7,635 thousand) are overdue payables.

The Company has no receivables and payables with the maturity period exceeding 5 years.

## 6. Accrued income

Accrued income in the amount of CZK 10,198 thousand (2018 - CZK 8,822 thousand) mainly includes future revenues from the Smashing Four game for the iOS mobile platform.

## 7. Prepaid expenses

Prepaid expenses in the amount of CZK 1,211 thousand (2018 – CZK 2,355 thousand) primarily comprise accrued service costs related to the lease in the amount of CZK 192 thousand (2018 – CZK 192 thousand) and to license in the amount of CZK 793 thousand (2018 – CZK 1,636 thousand).

## 8. Provisions for impairment

	Provision for impairment to software	Provision for doubtful receivables	Total
Balance as of 1 January 2019	8,923	8	8,931
Creation	---	---	---
Release/utilisation	-8,923	-8	-8,931
Balance as of 31 December 2019	---	---	---

## 9. Equity

	Share capital	Total
Balance as of 1 January 2019		
885,559 shares in the nominal value of CZK 10	8,856	8,856
Balance as of 31 December 2019		
884,526 shares in the nominal value of CZK 10	8,845	8,845

### Description of shares:

- 71,580 ordinary registered shares issued as share certificates in the nominal value of CZK 10 each.
- 136,701 registered shares in the form of share certificates in the nominal value of CZK 10 each (A preferred shares).
- 190,331 registered shares in the form of share certificates in the nominal value of CZK 10 each (B preferred shares).
- 134,008 ordinary registered shares issued as share certificates in the nominal value of CZK 10 each (B preferred shares).
- 351,906 ordinary registered shares issued as share certificates in the nominal value of CZK 10 each (C preferred shares).

Overview of changes in equity

	Share capital	Share premium	Other capital contributions	Reserve fund	Retained earnings or accumulated losses	Profit / (loss) for the current period	Total
Balance as of 1 January 2019	8 856	49 915	140,842	20	-174 226	-14 504	10 903
Increase in the registered capital + share premium	-11	--	--	--	--	--	-11
Transfer of loss from the year 2018	--	--	--	--	-14 504	14 504	--
Rounding	--	--	--	--	1	--	1
Loss / Profit from the year 2019	--	--	--	--	--	-4 272	-4 272
Balance as of 31 December 2019	8 845	49 915	140,842	20	-188 729	-4 272	6 621

On 3 July 2019, the General Meeting approved the Company's financial statements for 2018 and decided about the allocation of loss incurred in 2018 of CZK 14,504 thousand. The unpaid loss of previous years will be covered from the company's profit from subsequent years.

No decision has been made on the manner of covering losses from 2019 as of the date of preparation of the annual report.

## 10. Provisions

	Provision for untaken holidays	Provision for others	Provision for remuneration of employees	Provision for penalties from the end of the lease	Total
Balance as of 1 January 2019	539	100	1,231	--	1,870
Creation	907	110	3,277	2,007	6,301
Utilisation	-539	-100	-1,231	--	-1,870
Release	--	--	--	--	--
Balance of provisions as of 31 December 2019	907	110	3,277	2,007	6,301

The provision for penalties from the termination of the lease relates to the original rental space in the Zirkon Office and is calculated as the amount of nine monthly rents. This amount was indicated by the landlord as an indicative one-off penalty for early termination of the contract concluded until 30 September 2022. Negotiations as of the date of compiling the annual report have not been concluded. An alternative to early termination of the lease of the premises is sublease. The search for a subtenant as of the date of preparation of the annual report is still ongoing.

## 11. Estimated payables

The Company records estimated payables in the amount of CZK 615 thousand (2018 - CZK 3,108 thousand). The balance consists of regular monthly costs that were not invoiced as of 31 December 2019.

## 12. Revenues

		Domestic sales	EU	3 <sup>rd</sup> countries	Total
Advertising	2019	242	1	2 381	2 624
	2018	777	281	3 553	4 611
Games	2019	--	319 957	133	320 090
	2018	--	160 518	40	160 558
Other	2019	1 264	79	5	1 348
	2018	1 192	407	19	1 618
Total	2019	1 506	320 037	2 519	324 062
	2018	1 969	161 206	3 612	166 787

## 13. Related parties

Received loans are recorded in short-term payables under “Liabilities - subsidiaries and controlling party” and represent loans in the amount of CZK 55,777 thousand (2018 – CZK 27,317 thousand) as of 31 December 2019.

These are the loans from KKCG Investments N.V. in the amount of EUR 1,319 thousand, corresponding to CZK 33,507 thousand (2018 – EUR 652 thousand i.e. CZK 16,773 thousand) with the interest rate at 10% p.a. (2018 – 10 % p.a.) as of 31 December 2019. Accrued interest amounted to EUR 131 thousand, corresponding to CZK 3,339 thousand (2018 – EUR 37 thousand i.e. CZK 947 thousand) as of 31 December 2019.

Interest costs amounted to CZK 2,404 thousand (2018 – CZK 2,406 thousand).

Next, these are also the loans from MCI PrivateVentures in the amount of EUR 681 thousand, corresponding to CZK 17,313 thousand (2018 – EUR 348 thousand i.e. CZK 8,952 thousand) with the interest rate at 10% p.a. (2018 – 10 % p.a.) as of 31 December 2019. Accrued interest on the loans amounted to EUR 67 thousand, corresponding to CZK 1,618 thousand (2018 – EUR 25 thousand i.e. CZK 645 thousand) as of 31 December 2019.

Interest costs amounted to CZK 1,209 thousand (2018 – CZK 676 thousand).

From the entities within the group, the Company didn't provide or receive services from Springtide Ventures s.r.o., Bio-Nexus, s.r.o. and DataSpring s.r.o..

### Transactions with related parties

	Volume of mutual transactions		Receivables/payables as of 31 December	
	2019	2018	2019	2018
<b>Sale of goods and services</b>				
Other group entities	--	63	--	76
<b>Purchase of goods and services</b>				
Other group entities	--	1 348	--	1 631
<b>Received loans</b>				
Shareholders of the Company	3 613	3 082	55 777	27 317

In 2019, members of the Company's statutory and supervisory bodies received remuneration in the amount of CZK 1,609 thousand (in 2018 – CZK 1,433 thousand). In 2019 and 2018, members of the Company's statutory and supervisory bodies received no loans or other benefits other than the remuneration specified above.

## 14. Deferred tax

	Receivables		Payables		Difference	
	2019	2018	2019	2018	2019	2018
Tangible and intangible fixed assets	434	2 017	--	--	434	2 017
Provisions	842	355	--	--	842	355
Tax losses	16 209	21 635	--	--	16 209	21 635
Potential deferred tax receivable	17 485	24 007	--	--	17 485	24 007

In conformity with the accounting policies specified in Note 2.11, the tax rate of 19% was used for calculation of potential deferred tax (2018 – 19%).

Potential deferred tax receivable has not been recognised as it is not probable that future taxable profit will be available against which the unused tax credits can be utilized.

## 15. Employees and senior employees

Average number of employees and senior employees and staff costs in 2019 and 2018:

2019	Number	Payroll and remuneration costs	Social security and health insurance costs	Social costs
Employees	42	32 226	10 700	545
Senior employees	3	5 364	1 165	39
Total	45	37 590	11 865	584

2018	Number	Payroll and remuneration costs	Social security and health insurance costs	Social costs
Employees	21	14 702	5 529	262
Senior employees	3	6 020	1 321	30
Total	24	20 722	6 850	292

In 2018, remuneration to members of the Company's statutory bodies were included in payroll. In 2019, they are part of reserves.

## 16. Liabilities for social security and health insurance

Liabilities for social security and health insurance amount to CZK 1,373 thousand (2018 – CZK 864 thousand), of which CZK 917 thousand (2018 – CZK 602 thousand) are liabilities for social security insurance and CZK 456 thousand (2018 – CZK 262 thousand) liabilities for health insurance. None of these liabilities are overdue.

## 17. Taxes and state subsidies payable

Taxes payable amount to CZK 747 thousand (2018 – CZK 300 thousand), of which CZK 538 thousand (2018 – CZK 300 thousand) is an income tax advance on dependent activity, CZK 60 thousand (2018 – CZK 0 thousand) is a withholding tax on interest and CZK 149 thousand (2018 – CZK 0 thousand) are other taxes and charges. None of these payables are overdue.

## 18. Information on remuneration of statutory auditors

The information is disclosed in the notes to the consolidated financial statements prepared for the consolidated group in which the Company is included.

## 19. Subsequent events

As at the date of preparation of the financial statements, the Company's management is not aware of any significant subsequent events that would affect the financial statements as at 31 December 2019. However, without affecting the financial statements, the following significant events occurred after the balance sheet date:

- on 31 January 2020, the Company was sold to a new owner, the American company AppLovin Corporation, which became the sole owner of the Company
- the purchase agreement included the signing of so-called "Payoff Agreements", thanks to which the Company's unconverted debts to the original owners were included in the reduction of the purchase price, including accrued interest
- in connection with the sale of the Company, so-called "post-closing" procedures occurred, e.g. a new wording of the Company's Articles of Association, a new composition of the Company's statutory bodies, etc.
- in March 2020, the Company moved to its new registered office at DOCK03, Boudníkova 2506/1, 180 00 Prague 8 Libeň. This change was registered in the Commercial Register on 19 March 2020. The lease agreement was concluded in January 2020 for 91 months.
- in connection with government regulations addressing the spread of Covid-19, the Company took several measures, including mandatory home office, from March to May 2020. Thanks to the involvement of technological tools, remote cooperation did not have a significant negative impact on labor productivity. The effects that the Company felt on sales and activity of its player base were insignificant. The overall impact of Covid-19 on the Company was thus practically negligible due to the interplay of circumstances and the nature of the industry.

Prepared on: 8 July 2020



**Miloš Endrle**

Chairman of the Board of Directors



**Petr Příbyl**

Member of the Board of Directors



## Independent auditor's report

to the shareholders of Geewa a.s.

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### Opinion

We have audited the accompanying financial statements of Geewa a.s., with its registered office at Boudníkova 2506/1, Praha 8 ("the Company"), prepared in accordance with Czech accounting legislation, which comprise the balance sheet as at 31 December 2019, the income statement for the year ended 31 December 2019 and notes to the financial statements, which include significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019 and of its financial performance for the year ended 31 December 2019 in accordance with Czech accounting legislation.

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### Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic. These standards consist of International Standards on Auditing (ISAs) which may be supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) and accepted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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### Other Information

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report therein. The Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information. 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 about the Company obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law and regulation, in particular, whether the other information complies with law and regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law and regulation.





## Independent auditor's report

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

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## Responsibilities of the Board of Directors and Supervisory Board of the Company for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Czech accounting legislation and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board of the Company is responsible for overseeing the financial reporting process.

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## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above-stated requirements 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.

As part of an audit in accordance with the above-stated requirements, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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 controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



## Independent auditor's report

We communicate with the Board of Directors and Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

8 July 2020

*PricewaterhouseCoopers Audit, s.r.o.*  
represented by

*Jiří Zouhar*  
Jiří Zouhar

*Olga Řehořková*  
Olga Řehořková  
Statutory Auditor, Licence No. 2252

This report is addressed to the shareholders of Geewa a.s.

### Note

Our report has been prepared in the Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over the English version.