



Geewa a.s.  
ANNUAL REPORT  
2020

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## 1. Basic Identification Details of the Company

Geewa a.s., Id. No. 25617036, with its registered office at Boudníkova 2506/1, Praha 8 – Palmovka, 180 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 sales of advertising space.

On January 31, 2020, the Company was sold to a new owner, the US company AppLovin Corporation, which became the sole owner of the Company. This sole ownership has been valid also as of December 31, 2020.

During 2020, there were no changes in Company’s **Board of Directors**.

During 2020, there were no changes in Company’s **Supervisory Board**.

In the course of 2020, no changes in the company's **equity and share capital** were entered in the Commercial Register. It amounts to CZK 8,845,260 and the amount is fully repaid.

## 2. Report on the Company’s Business Activities and the State of its Assets for the Period from 1 January 2020 to 31 December 2020

### Economic Results

In 2020, the company achieved the historically highest revenues in the amount of CZK 372,755 thousand (2019 - CZK 324,062 thousand). This year it reached a loss of CZK 10,722 thousand. In 2019, the Company reported a loss of CZK 4,272 thousand.

The main factors influencing the result in 2020 are the following:

- investments in further development of the Smashing Four game and related user acquisition. Revenues from these investments are expected in the coming years.
- investment in the development of Smash Rivals game. As a result of the temporarily terminated Smash Rivals project in January 2021, the Company decided to create a provision as of 31 December 2020, which corresponds to the fair value of the assets.

In connection with the government regulations addressing the spread of Covid-19, the Company took several measures, including compulsory work from home, from March to May 2020. Thanks to the involvement of technological tools, remote team collaboration did not have a significant negative impact on labour productivity. The impact that the Company felt on its sales and player base activity was rather slight. 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.

### 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 through its gaming portal Duelovsky.cz. The structure of revenue is shown in the following table (in CZK thousands):

		Domestic sales	EU	3 <sup>rd</sup> countries	Total
Advertising	2020	143	31,287	15,943	47,373
	2019	242	1	2,381	2,624
Games	2020	369	314,980	136	315,485
	2019	-	319,957	133	320,090
Other	2020	1,007	35	8,855	9,897
	2019	1,264	79	5	1,348
Total	2020	1,519	346,302	24,934	372,755
	2019	1,506	320,037	2,519	324,062

### State of the Company's Assets

As of 31 December 2020, equity amounted to CZK 51,757 thousand (2019 – CZK 6,621 thousand). The main reason for this significant increase in equity is the settlement of the Company's liability to its previous owners in the amount of CZK 55,858 thousand by the new owner, in connection with the Company purchase transaction dated 31 January 2020. The sales 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 purchase price reduction, including accrued interest.

As of 31 December 2020, external sources amounted to CZK 48,005 thousand (2019 – CZK 86,480 thousand) and the balance sheet total was CZK 102,240 thousand (2019 – CZK 93,101 thousand).

As of 31 December 2020, the Company's fixed assets amounted to CZK 33,912 thousand (2019 – CZK 33,340 thousand). It consists mainly of long-term intangible assets, especially software created by our own activities: technical improvements of individual games.

In March 2020, the Company moved to a new headquarters at DOCK03, Boudníkova 2506/1, 180 00 Prague 8 - Libeň. This fact was entered in the Commercial Register on 19 March 2020. The lease agreement was concluded in January 2020 for a period of 91 months. Due to the early termination of the original lease agreement, the Company accepted a penalty in the amount of 1,031 thousand CZK.

The total annual costs related to the lease of premises and related services in 2020 amounted to CZK 8,227 thousand (2019 – CZK 3,065 thousand).

### 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 2021, the Company anticipates continued revenue growth from its flagship game Smashing Four, primarily due to further game development, additional functionalities, and game modes. All this hand in hand with further investment in user acquisitions.

### **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 of 31 December 2020. However, without affecting the financial statements, the following significant events occurred after the balance sheet date:

- in January 2021, based on player tests in selected countries, the Company has decided to temporarily terminate the Smash Rivals project and allocate all its resources to accelerate the improvement of performance and functionality of the main title Smashing Four
- despite efforts on both sides, the so-called “post-closing” procedures were still not completed as of 31 January 2020, which were to formally follow the sale of the Company, e.g., the new wording of the Company's Articles of Association, new composition of the Company's statutory bodies, etc.
- on 24 March 2021, the Company drew a loan of USD 1 million (CZK 21,387 thousand at the exchange rate as of 31 December 2020) from the parent company AppLovin Corporation to raise funds for the acquisition of users. The loan bears interest, but the amount of interest has not been decided as of the date of this Report. No agreement was concluded to provide this loan, the funds were provided to the Company based on an email request.

### **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.

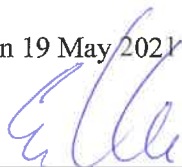
### **Activities in the Area of Environmental Protection**

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 19 May 2021



**Miloš Endrle**

Chairman of the Board of Directors



**Tomáš Hnilička**

Member of the Board of Directors

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

#### Introduction

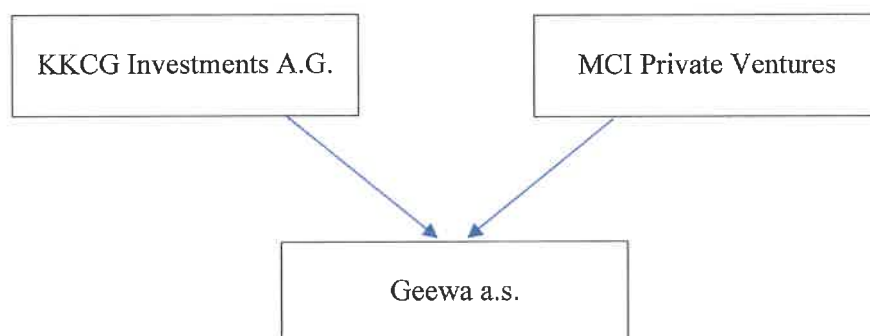
The company changed its ownership structure during the year 2020. The report on the relations between the controlling entity and the controlled entity and between the controlled entity and the entities controlled by the same controlling entity for the accounting period of 2020 (hereinafter referred to as the "Report") is therefore divided into two parts.

#### Part one, January 1, 2020 - January 31, 2020

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").

For this reason, the statutory body of the Company prepared this Report for 2020 and 2019. 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 2020, 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**

These were only activities aimed at the sale of the Company.

### **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

Agreement with MCI Private Ventures on a loan in the amount of EUR 150 thousand dated 28 February 2018

Agreement with KKCG Investments A.G. on a loan in the amount of EUR 652 thousand dated 7 June 2018

Agreement with MCI Private Ventures on a loan in the amount of EUR 348 thousand dated 7 June 2018

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

Agreement with MCI Private Ventures on a loan with a total amount of EUR 500 thousand dated 7 August 2019

As of 31 December 2020, the balances of loans from the above-mentioned agreements amounted to CZK 0.

### **Assessment of whether the Subsidiary suffered damage and assessment of its compensation – 8 para. f) ZOK**

As a result of concluding 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.

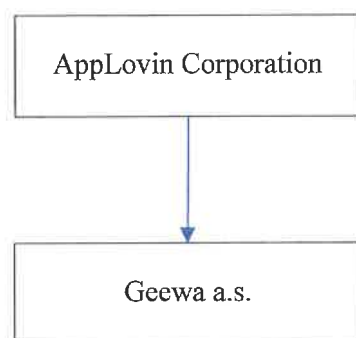
### **Evaluation of advantages and disadvantages arising from the relations between the Subsidiary and the Controlling Party - § 82 para. 4 ZOK**

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.



## Part two, 1 February 2020 - 31 December 2020

### Structure of relations between the controlling entity, the controlled entity and entities controlled by the same controlling entity - § 82 par. 2 let. a) ZOK



#### Controlling entities

The legal entity AppLovin Corporation, with its registered office at 849 High Street, 94 301 Palo Alto, California, USA, has a 100% interest in the controlled entity and is considered a controlling entity (the “Controlling Entity”).

#### Subsidiary controlled by Controlling parties

The subsidiary controlled by the Controlling Parties is the Company.

#### The role of subsidiaries - § 82 par. 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 2020, 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 par. 2 let. d) ZOK**

No such activities took place.

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

Share Purchase Agreement dated 31 January 2020.

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

As a result of concluding 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**

Due to the conclusion of the above-mentioned agreement, an advantage arose for the Controlled Entity in the form of access to the knowledge base of the strategic partner. In addition, The Controlled Entity benefits from group synergies and secured financing of further growth of the Company, which it would not achieve on its own. The Controlling Entity gained the advantage of extending its value chain from the intermediary advertising network towards the ownership and management of its own advertising inventory and building the value of its asset portfolio.

### **Conclusion**

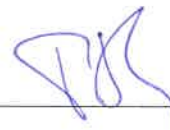
The statutory body of the Company declares that it has prepared this Report with due diligence and that it has included in this Report all relations known to it between the Subsidiary and the Controlling Parties and that it had all the necessary information for its preparation.

Prepared on 31 March 2021



**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 2020  
 Date of preparation of the financial statements: 19 May 2021

### BALANCE SHEET (in thousand Czech crowns)

Ref. a	ASSETS b	Row c	31.12.2020			31.12.2019
			Gross 1	Provision 2	Net 3	Net 4
	<b>TOTAL ASSETS</b>	<b>001</b>	<b>186,934</b>	<b>(84,694)</b>	<b>102,240</b>	<b>93,101</b>
<b>B.</b>	<b>Fixed assets</b>	<b>003</b>	<b>118,606</b>	<b>(84,694)</b>	<b>33,912</b>	<b>33,340</b>
<b>B. I.</b>	<b>Intangible fixed assets</b>	<b>004</b>	<b>103,801</b>	<b>(79,451)</b>	<b>24,350</b>	<b>27,417</b>
B. I. 2.	Royalties	006	103,801	(79,451)	24,350	27,417
B. I. 2. 1.	Software	007	103,801	(79,451)	24,350	27,417
<b>B. II.</b>	<b>Tangible fixed assets</b>	<b>014</b>	<b>14,805</b>	<b>(5,243)</b>	<b>9,562</b>	<b>5,923</b>
B. II. 1.	Land and constructions	015	7,474	(776)	6,698	-
B. II. 1. 2.	Constructions	017	7,474	(776)	6,698	-
B. II. 2.	Equipment	018	7,331	(4,467)	2,864	848
B. II. 5.	Advances paid and tangible fixed assets in the course of construction	024	-	-	-	5,075
B. II. 5. 1.	Advances paid for tangible fixed assets	025	-	-	-	5,075
<b>C.</b>	<b>Current assets</b>	<b>037</b>	<b>67,622</b>	<b>-</b>	<b>67,622</b>	<b>58,550</b>
<b>C. II.</b>	<b>Receivables</b>	<b>046</b>	<b>34,150</b>	<b>-</b>	<b>34,150</b>	<b>33,630</b>
C. II. 1.	Long-term receivables	047	2,089	-	2,089	2,713
C. II. 1. 5.	Receivables - other	052	2,089	-	2,089	2,713
C. II. 1. 5. 2.	Long-term advances paid	054	2,089	-	2,089	2,713
C. II. 2.	Short-term receivables	057	32,061	-	32,061	30,917
C. II. 2. 1.	Trade receivables	058	13,496	-	13,496	18,924
C. II. 2. 4.	Receivables - other	061	18,565	-	18,565	11,993
C. II. 2. 4. 3.	Taxes - receivables from the state	064	815	-	815	1,025
C. II. 2. 4. 4.	Short-term advances paid	065	1,409	-	1,409	529
C. II. 2. 4. 5.	Estimated receivables	066	16,304	-	16,304	10,439
C. II. 2. 4. 6.	Other receivables	067	37	-	37	-
<b>C. IV.</b>	<b>Cash</b>	<b>075</b>	<b>33,472</b>	<b>-</b>	<b>33,472</b>	<b>24,920</b>
C. IV. 1.	Cash in hand	076	2	-	2	9
C. IV. 2.	Cash at bank	077	33,470	-	33,470	24,911
<b>D.</b>	<b>Prepayments and accrued income</b>	<b>078</b>	<b>706</b>	<b>-</b>	<b>706</b>	<b>1,211</b>
D. 1.	Prepaid expenses	079	706	-	706	1,211

Ref.	LIABILITIES AND EQUITY	Row	31.12.2020	31.12.2019
a	b	c	5	6
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>082</b>	<b>102,240</b>	<b>93,101</b>
A.	<b>Equity</b>	<b>083</b>	<b>51,757</b>	<b>6,621</b>
A. I.	<b>Share capital</b>	<b>084</b>	<b>8,845</b>	<b>8,845</b>
A. I. 1.	Share capital	085	8,845	8,845
A. II.	<b>Share premium and capital contributions</b>	<b>088</b>	<b>246,615</b>	<b>190,757</b>
A. II. 1.	Share premium	089	49,915	49,915
A. II. 2.	Capital contributions	090	196,700	140,842
A. II. 2. 1.	Other capital contributions	091	196,700	140,842
A. III.	<b>Other reserves</b>	<b>096</b>	<b>20</b>	<b>20</b>
A. III. 1.	Other reserve funds	097	20	20
A. IV.	<b>Retained earnings / Accumulated losses</b>	<b>099</b>	<b>(193,001)</b>	<b>(188,729)</b>
A. IV. 1.	Retained earnings or accumulated losses (+/-)	100	(193,001)	(188,729)
A. V.	<b>Profit / (loss) for the current period</b>	<b>102</b>	<b>(10,722)</b>	<b>(4,272)</b>
B. + C.	<b>Liabilities</b>	<b>104</b>	<b>48,005</b>	<b>86,480</b>
B.	<b>Provisions</b>	<b>105</b>	<b>4,903</b>	<b>6,301</b>
B. 4.	Other provisions	109	4,903	6,301
C.	<b>Payables</b>	<b>110</b>	<b>43,102</b>	<b>80,179</b>
C. II.	<b>Short-term payables</b>	<b>126</b>	<b>43,102</b>	<b>80,179</b>
C. II. 4.	Trade payables	132	17,549	19,012
C. II. 6.	Liabilities - subsidiaries and controlling party	134	-	55,777
C. II. 8.	Liabilities - other	136	25,553	5,390
C. II. 8. 3.	Liabilities to employees	139	2,765	2,470
C. II. 8. 4.	Liabilities for social security and health insurance	140	1,594	1,373
C. II. 8. 5.	Taxes and state subsidies payable	141	609	747
C. II. 8. 6.	Estimated payables	142	20,478	615
C. II. 8. 7.	Other liabilities	143	107	185
D.	<b>Accruals and deferred income</b>	<b>147</b>	<b>2,478</b>	<b>-</b>
D. 1.	Accrued expenses	148	2,478	-

Company name: Geewa a.s.  
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 Balance sheet date: 31 December 2020  
 Date of preparation of the financial statements: 19 May 2021

## INCOME STATEMENT

(In thousand Czech crowns)

Ref. a	TEXT b	Row c	Accounting period	
			2020 1	2019 2
I.	<b>Sales of products and services</b>	<b>01</b>	<b>372,755</b>	<b>324,062</b>
A.	<b>Cost of sales</b>	<b>03</b>	<b>311,232</b>	<b>285,361</b>
A. 2.	Raw materials and consumables used	05	2,676	1,133
A. 3.	Services	06	308,556	284,228
C.	<b>Own work capitalised</b>	<b>08</b>	<b>(29,208)</b>	<b>(25,816)</b>
D.	<b>Staff costs</b>	<b>09</b>	<b>66,975</b>	<b>50,039</b>
D. 1.	Wages and salaries	10	50,944	37,590
D. 2.	Social security, health insurance and other social costs	11	16,031	12,449
D. 2. 1.	Social security and health insurance costs	12	15,342	11,865
D. 2. 2.	Other social costs	13	689	584
E.	<b>Value adjustments in operating activities</b>	<b>14</b>	<b>34,482</b>	<b>10,449</b>
E. 1.	Value adjustments of fixed assets	15	34,482	10,457
E. 1. 1.	Depreciation, amortisation and write off of fixed assets	16	22,898	19,380
E. 1. 2.	Provision for impairment of fixed assets	17	11,584	(8,923)
E. 3.	Provision for impairment of receivables	19	-	(8)
III.	<b>Operating income - other</b>	<b>20</b>	<b>2,325</b>	<b>291</b>
III. 3.	Other operating income	23	2,325	291
F.	<b>Operating expenses - other</b>	<b>24</b>	<b>588</b>	<b>4,860</b>
F. 3.	Taxes and charges from operating activities	27	77	153
F. 4.	Operating provisions and complex prepaid expenses	28	(1,398)	4,431
F. 5.	Other operating expenses	29	1,909	276
*	<b>Operating result</b>	<b>30</b>	<b>(8,989)</b>	<b>(540)</b>
J.	Interest and similar expenses	43	428	3,613
J. 1.	Interest and similar expenses - subsidiaries or controlling party	44	428	3,613
VII.	Other financial income	46	4,544	2,380
K.	Other financial expenses	47	5,849	2,499
*	<b>Financial result</b>	<b>48</b>	<b>(1,733)</b>	<b>(3,732)</b>
**	<b>Net profit / (loss) before tax</b>	<b>49</b>	<b>(10,722)</b>	<b>(4,272)</b>
**	<b>Net profit / (loss) after tax</b>	<b>53</b>	<b>(10,722)</b>	<b>(4,272)</b>
***	<b>Net profit / (loss) for the financial period</b>	<b>55</b>	<b>(10,722)</b>	<b>(4,272)</b>
	<b>Net turnover for the financial period</b>	<b>56</b>	<b>379,624</b>	<b>326,733</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 2020, the shareholders of the Company are:

AppLovin Coporation	100%
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#### Registered office of the Company

Geewa a.s.  
Boudníkova 2506/1  
180 00 Prague 8  
Czech Republic

#### Identification number:

25617036

#### Members of the Board of Directors and the Supervisory Board as of 31 December 2020

##### Members of the Board of Directors

Petr Přibyl  
Tomáš Hnilička  
Ing. Miloš Endrle (Chairman)

##### Members of the Supervisory Board

Maciej Bogaczyk  
David Marek  
Marek Jablonský

The consolidated financial statements of the narrowest and widest group of accounting entities to which the Company belongs, as a consolidated accounting entity, are prepared by Applovin Corporation, 1100 Page Mill Road, Palo Alto, California 94304, USA.

### **1.2 Changes registered in the Commercial Register**

On 19 March 2020, the company's registered office was changed.

#### Governing body – Board of Directors:

During 2020, there were no changes in Company's Board of Directors.

#### Supervisory Board:

During 2020, there were no changes in Company's Supervisory Board.

#### Equity and Shares Capital:

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.

## **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 2020. Comparative information for 2019 is provided in accordance with the structure and designation of balance sheet and income statement items specified by the Decree as amended for 2020.

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

Management has considered the impact of the novel coronavirus causing the COVID-19 disease when assessing the valuation of assets and liabilities and going concern assumptions.

### **2.2 Tangible and intangible fixed assets**

Assets are valued based on the acquisition price; intangible assets that are created by own activities are valued based on actual own costs. Tangible fixed assets with acquisition cost not exceeding CZK 40 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 considers 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 based on 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 after 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

2020	Software	Total
<b>Acquisition price</b>		
Balance as of 1 January 2020	117,630	117,630
Additions	29,208	29,208
Disposals	43,037	43,037
Balance as of 31 December 2020	103,801	103,801
<b>Accumulated depreciation</b>		
Balance as of 1 January 2020	90,213	90,213
Additions	20,691	20,691
Disposals	43,037	43,037
Balance as of 31 December 2020	67,867	67,867
<b>Impairment</b>		
Balance as of 1 January 2020	-	-
Change in provision for impairment	11,584	11,584
Balance as of 31 December 2020	11,584	11,584
<b>Net book value as of 1 January 2020</b>	<b>27,417</b>	<b>27,417</b>
<b>Net book value as of 31 December 2020</b>	<b>24,350</b>	<b>24,350</b>

Increases in intangible fixed assets in 2020 included technical improvement of the gaming server in the amount of CZK 7,398 thousand, technical improvement of the game Smash Rivals in the amount of CZK 10,653 thousand and technical improvement of the game Smashing Four in the amount of CZK 11,157 thousand. As a result of the temporarily terminated Smash Rivals project in January 2021, the Company decided to create a provision as of 31 December 2020, which corresponds to the fair value of the 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	-	-
<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>

### 3.2 Tangible fixed assets

2020	Buildings	Plant and equipment	Pool servers	Low value assets	Total
<b>Acquisition price</b>					
Balance as of 1 January 2020	2,196	844	1,258	2,257	6,555
Additions	7,474	2,869	-	577	10,920
Disposals	2,196	-	391	84	2,671
Balance as of 31 December 2020	7,474	3,713	867	2,750	14,804
<b>Accumulated depreciation</b>					
Balance as of 1 January 2020	2,196	598	1,258	1,655	5,707
Depreciation	776	724	-	706	2,206
Disposals	2,196	-	391	84	2,671
Balance as of 31 December 2020	776	1,322	867	2,277	5,242
<b>Net book value as of 1 January 2020</b>	<b>-</b>	<b>246</b>	<b>-</b>	<b>602</b>	<b>848</b>
<b>Net book value as of 31 December 2020</b>	<b>6,698</b>	<b>2,391</b>	<b>-</b>	<b>473</b>	<b>9,562</b>

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>

### 3.3. Advances paid for tangible fixed assets

As at the balance sheet date, the Company does not record provided advances for tangible fixed assets (2019 - CZK 5,075 thousand). All advances provided in connection with construction work in new office space were accounted for in the course of 2020.

## 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 8,227 thousand in 2020 (2019 – CZK 3,065 thousand).

## 5. Trade receivables and payables

- 5.1 Short-term trade receivables amounted to CZK 13,496 thousand (2019 – CZK 18,924 thousand), of which CZK 348 thousand (2019 – CZK 0 thousand) are overdue receivables. As at 31 December 2020, the provision for doubtful receivables in amount of CZK 0 thousand (2019 – CZK 0 thousand) was created.
- 5.2 Short-term trade payables amounted to CZK 17,549 thousand (2019 – CZK 19,012 thousand), of which CZK 0 thousand (2019 – CZK 725 thousand) are overdue payables.

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

## 6. Estimated revenues

Estimated revenues in the amount of CZK 16,304 thousand (2019 – CZK 10,439 thousand) mainly includes future revenues from the Smashing Four game. During 2020, the accounting for these future receivables was changed (reclassification from deferred income to estimated revenues). For comparability purposes, the value of the comparative for 2019 is taken from last year's deferred income.

## 7. Prepaid expenses

Prepaid expenses in the amount of CZK 706 thousand (2019 – CZK 1,211 thousand) primarily comprise accrued service costs related to the lease in the amount of CZK 706 thousand (2019 – CZK 192 thousand) and to license in the amount of CZK 0 thousand (2019 – CZK 793 thousand).

## 8. Equity

	Share capital	Total
Balance as of 1 January 2020		
884,526 shares in the nominal value of CZK 10	8,845	8,845
Balance as of 31 December 2020		
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 2020	8,845	49,915	140,842	20	(188,729)	(4,272)	6,621
Increase in the registered capital + share premium	-	-	55,858	-	-	-	55,858
Transfer of loss from the year 2019	-	-	-	-	(4,272)	4,272	-
Rounding	-	-	-	-	-	-	-
Loss / Profit from the year 2020	-	-	-	-	-	(10,722)	(10,722)
Balance as of 31 December 2020	8,845	49,915	196,700	20	(193,001)	(10,722)	51,757

On 14 August 2020, the General Meeting approved the Company's financial statements for 2019 and decided about the allocation of loss incurred in 2019 of CZK 4,272 thousand. The unpaid loss of previous years will be covered from the company's profit from subsequent years.

As of the date of signing the financial statements, it was not decided to transfer the profit for 2020 to cover the losses of previous years.

## 9. 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 2020	907	110	3,277	2,007	6,301
Creation	1,575	282	3,046	-	4,903
Utilisation	(907)	(110)	(3,277)	(2,007)	(6,307)
Release	-	-	-	-	-
Balance of provisions as of 31 December 2020	1,575	282	3,046	-	4,903

## 10. Estimated payables

The Company records estimated payables in the amount of CZK 20,478 thousand (2019 – CZK 615 thousand). The balance consists of an estimated item for the management bonus resulting from so-called “Performance Agreement” with AppLovin Corporation in the amount of CZK 3,651 thousand and regular monthly costs in the amount of CZK 16,826 thousand, which were not invoiced as of 31 December 2020.

## 11. Revenues

		Domestic sales	EU	3 <sup>rd</sup> countries	Total
Advertising	2020	143	31,287	15,943	47,373
	2019	242	1	2,381	2,624
Games	2020	369	314,980	136	315,485
	2019	-	319,957	133	320,090
Other	2020	1,007	35	8,855	9,897
	2019	1,264	79	5	1,348
Total	2020	1,519	346,302	24,934	372,755
	2019	1,506	320,037	2,519	324,062

## 12. Related parties

Received loans are recorded in short-term payables under “Liabilities - subsidiaries and controlling party” and represent loans in the amount of CZK 0 thousand (2019 – CZK 55,777 thousand) as of 31 December 2020.

These are the loans from KKCG Investments N.V. in the amount of EUR 0 thousand, corresponding to CZK 0 thousand (2019 – EUR 1,319 thousand i.e. CZK 33,507 thousand with the interest rate at 10% p.a.) as of 31 December 2020. Accrued interest amounted to EUR 0 thousand, corresponding to CZK 0 thousand (2019 – EUR 131 thousand i.e. CZK 3,339 thousand) as of 31 December 2020.

Interest costs amounted to CZK 282 thousand (2019 – CZK 2,404 thousand).

Next, these are also the loans from MCI PrivateVentures in the amount of EUR 0 thousand, corresponding to CZK 0 thousand (2019 – EUR 681 thousand i.e. CZK 17,313 thousand with the interest rate at 10% p.a.) as of 31 December 2020. Accrued interest on the loans amounted to EUR 0 thousand, corresponding to CZK 0 thousand (2019 – EUR 67 thousand i.e. CZK 1,618 thousand) as of 31 December 2020.

Interest costs amounted to CZK 146 thousand (2019 – CZK 1,209 thousand).

In 2020, AppLovin Corporation became the new 100% owner. As of 31 December 2020, the company does not record any liability or receivable from this related party.

### Transactions with related parties

	Volume of mutual transactions		Receivables/payables as of 31 December	
	2020	2019	2020	2019
<b>Sale of goods and services</b>				
Other group entities	8,848	0	0	0
<b>Purchase of goods and services</b>				
Other group entities	48,205	0	0	0
<b>Received loans</b>				
Shareholders of the Company	428	3,613	0	55,777

In 2020, members of the Company's statutory and supervisory bodies received remuneration in the amount of CZK 3,621 thousand (in 2019 – CZK 1,609 thousand). In 2020 and 2019, members of the Company's statutory and supervisory bodies received no loans or other benefits other than the remuneration specified above.

### 13. Deferred tax

	Receivables		Payables		Difference	
	2020	2019	2020	2019	2020	2019
Tangible and intangible fixed assets	183	434	0	0	183	434
Provisions	0	842	266	0	-266	842
Tax losses	16,209	16,209	0	0	16,209	16,209
Potential deferred tax receivable	16,392	17,485	266	0	16,126	17,485

In conformity with the accounting policies specified in Note 2.11, the tax rate of 19% was used for calculation of potential deferred tax (2019 – 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.

### 14. Employees and senior employees

Average number of employees and senior employees and staff costs in 2020 and 2019:

2020	Number	Payroll and remuneration costs	Social security and health insurance costs	Social costs
Employees	49	43,216	14,069	649
Senior employees	3	7,728	1,273	40
Total	52	50,944	15,341	689

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

In 2020, remuneration to members of the Company's statutory bodies were included in payroll through an estimated item, the amount of which is derived from an estimated 20% EBITDA under a Performance Agreement with AppLovin Corporation. In 2019, they are part of reserves.

### 15. Liabilities for social security and health insurance

Liabilities for social security and health insurance amount to CZK 1,594 thousand (2019 – CZK 1,373 thousand), of which CZK 1,072 thousand (2019 – CZK 917 thousand) are liabilities for social security insurance and CZK 522 thousand (2019 – CZK 456 thousand) liabilities for health insurance. None of these liabilities are overdue.



## 16. Taxes and state subsidies payable

Taxes payable amount to CZK 609 thousand (2019 – CZK 747 thousand), of which CZK 532 thousand (2019 – CZK 538 thousand) is an income tax advance on dependent activity, CZK 0 thousand (2019 – CZK 60 thousand) is a withholding tax on interest and CZK 77 thousand (2019 – CZK 149 thousand) are other taxes and charges. None of these payables are overdue.

## 17. 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 2020. However, without affecting the financial statements, the following significant events occurred after the balance sheet date:

- in January 2021, based on player tests in selected countries, the Company has decided to temporarily terminate the Smash Rivals project and allocate all its resources to accelerate the improvement of performance and functionality of the main title Smashing Four.
- despite efforts on both sides, the so-called “post-closing” procedures were still not completed as of 31 January 2020, which were to formally follow the sale of the Company, e.g., the new wording of the Company's Articles of Association, new composition of the Company's statutory bodies, etc.
- on 24 March 2021, the Company drew a loan of USD 1 million (CZK 21,387 thousand at the exchange rate as of 31 December 2020) from the parent company AppLovin Corporation to raise funds for the acquisition of users. The loan bears interest, but the amount of interest has not been decided as of the date of this Report. No agreement was concluded to provide this loan, the funds were provided to the Company based on an email request.

In connection with the government regulations addressing the spread of Covid-19, the Company took several measures, including compulsory work from home, from March to May 2020. Thanks to the involvement of technological tools, remote team collaboration did not have a significant negative impact on labour productivity. The impact that the Company felt on its sales and player base activity was rather slight. 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: 19 May 2021



**Miloš Endrle**

Chairman of the Board of Directors



**Tomáš Hnilička**

Member of the Board of Directors



## Independent auditor's report

to the shareholders of Geewa a.s.

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### Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Geewa a.s., with its registered office at Boudníková 2506/1, Praha 8 (the "Company") as at 31 December 2020 and of the Company's financial performance for the year ended 31 December 2020 in accordance with Czech accounting legislation.

### What we have audited

The Company's financial statements comprise:

- the balance sheet as at 31 December 2020,
- the income statement for the year ended 31 December 2020, and
- the notes to the financial statements including significant accounting policies and other explanatory information.

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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 (together the "Audit regulations"). These standards consist of International Standards on Auditing as 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic and with the Act on Auditors. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and Act on Auditors.

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### Other information

The board of directors is responsible for the other information. As defined in Section 2(b) of the Act on Auditors, the other information comprises the annual report but does not include the financial statements and auditor's report thereon.

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 assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

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Based on the procedures performed in the course of our audit, to the extent we are able to assess it, in our opinion:

- 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 has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

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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 of the financial statements that give true and fair view 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 Audit regulations 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 Audit regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

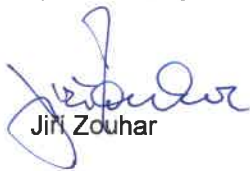
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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.

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.

19 May 2021

PricewaterhouseCoopers Audit, s.r.o.  
represented by

A handwritten signature in blue ink, appearing to read "Jiri Zouhar".

Jiří Zouhar

A handwritten signature in blue ink, appearing to read "Olga Řehořková".

Olga Řehořková  
Statutory Auditor, Licence No. 2252

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