



STARWARD INDUSTRIES

**THE TRANSLATION OF
QUARTERLY REPORT
01.01.2022 - 31.03.2022**

Starward Industries Spółka Akcyjna

Authorized Advisor

Navigator Capital[®]
Value delivered.

Report prepared in accordance with the requirements specified in Annex 3 to the Alternative Trading System Regulations "Current and periodic information provided in the alternative trading system on the NewConnect market".

The Authorised Adviser for Starward Industries S.A. is Navigator Capital S.A. with its registered office in Warsaw (00-105), ul. Twarda 18, entered in the Register of Entrepreneurs of the National Court Register under KRS number 0000380467.

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1. Executive summary

Dear Shareholders,

We would like to invite you to read the interim report for Q1 2022 of Starward Industries S.A. In this report, we present a cross-sectional summary of events that took place during the reported period and after its completion, extended up to the date of publication of this report

In last quarter we finished working on the first stage of the game's Beta version (MS-18), which presents a quality close to the final one. As part of this work, we conducted performance tests on PC's and current generation consoles (Xbox Series X|S and PlayStation 5), recorded English voice-over, and performed test recording sessions of large animation scenes with the use of Motion Capture technology.

In order to gather external feedback, we sent the results of work on the Beta stage, among others to industry consultants, publishers, sales platform owners and selected press media. The reviewed version of the game met with a very enthusiastic reception. We received feedback from a wide range of evaluators.

We have also carried out intensive optimisation work in order to reduce hardware requirements and increase the smoothness of gameplay on PCs and consoles. We have also started developing the next Beta stage (MS-19), which we plan to complete in mid-June 2022.

As of the date of publication of this report, the implementation of the publishing model seems most likely. We are continuing discussions with a selected group of entities, aiming to find a suitable partner

and conclude a publishing agreement. If we achieve the desired parameters, we will be able to make a final decision on the publishing model and conclude an agreement with the selected partner, which we will announce to the shareholders in an official message.

One of the most interesting events in the area of game promotion was placing The Invincible on the cover of a prestigious industry magazine, EDGE. It is the fourth Polish game to ever appear on the cover of this magazine. On the pages of the 371st issue you can find extensive material prepared by the editors on the basis of interviews with the creators and direct testing of the current version of the game.

During the reporting period we increased the value of inventory to PLN 5,738,158.03, while incurring operating expenses of PLN 1,048,645.96 and reporting a net loss of PLN 446,667.55. The loss incurred is consistent with our budget assumptions and is justified in view of the progress of the game's production plan.

In the first quarter we began collaboration with 1 additional person and as of the publication date of this report our team is made up of 35 people.

We invite you to read the following report.

Management Board of Starward Industries S.A.



2. Information on the rules adopted to prepare the report

This quarterly report of Starward Industries S.A. for the period 01.01.2022 – 31.03.2022 was prepared in accordance with the provisions of Annex 3 to the Alternative Trading System Regulations "Current and periodic information provided in the alternative trading system on the NewConnect market". According to regulations stated in previous sentence the quarterly report shall be prepared in Polish language version and if translated into a language other than Polish for any purpose, the Polish version shall in all events prevail and be paramount in the event of any differences, questions or disputes concerning the meaning, form, validity, or interpretation of this quarterly report.

The Company keeps its accounting books in accordance with the requirements of the Accounting Act of September 29th 1994 (as amended) applicable to entities continuing operations. The Company prepares the profit and loss account in by nature format. The cash flow statement is prepared using the indirect method.

The reporting currency is the Polish zloty (PLN). In the financial statements, the Company presents economic events in accordance with their economic content. The Company's financial result for the given financial year includes all revenues earned and allocated to the Company and related costs in accordance with the principles of accrual, matching revenues and costs and prudent valuation. Individual assets and liabilities are valued using the prices actually incurred for their acquisition, while observing the prudence principle.

In the current reporting period the company did not make any changes in the accounting principles (policy). Condensed separate financial statements of Starward Industries S.A. for the period 01.01.2022 – 31.03.2022 have not been audited or reviewed by an entity authorized to audit financial statements. Starward Industries S.A. is not composed of internal organisational units preparing independent financial statements.

3. Basic data

3.1. Contact and registration details

Company:	Starward Industries Spółka Akcyjna
Country of incorporation:	Poland
Seat and address:	ul. Przemysłowa 12, 30-701 Kraków, Polska
E-mail address:	info@starward.industries
Website:	www.starwardindustries.com
Court of registration	District Court for Kraków-Śródmieście in Kraków, XI Commercial Division of the National Court Register
KRS:	0000750305
Regon:	381277255
NIP:	6772437711

Starward Industries S.A. (“Company”, “Starward Industries”) was established on the basis of a notarial deed dated 10 September 2018 (Register A No. 13664/2018), drawn up by Notary Marcin Satora.

By decision of 27 September 2018 (file number KR.XI NS-REJ.KRS/28215/18/135) issued by the District Court for Kraków-Śródmieście in Kraków, the Company was entered in the Register of Entrepreneurs of the National Court Register under number 0000750305.

The duration of the Company is unlimited.

3.2. Management Board and Supervisory Board

As of date March 31, 2022 and as at the date of this report, the composition of the Management Board was as follows:

- **Marek Markuszewski** - President
- **Dawid Sękowski** - member
- **Maciej Dobrowolski** - member

The above composition of the Management Board results from the fact that during the reporting period, i.e. on 31 March 2022, Mariusz Antkiewicz and Daniel Betke resigned from their positions as Members of the Management Board, effective as of the same date. The reason for the resignations was that the production of The Invincible entered the final stages of development and, consequently, Mariusz Antkiewicz and Daniel Betke wished to fully concentrate on fulfilling their duties as Gameplay Designer and Technical Director, respectively.

Following the resignations on 31 March 2022, the Supervisory Board of the Company, in order to supplement the composition of the Management Board and to diversify its competencies, adopted a resolution on the appointment of Maciej Dobrowolski as a Member of the Management Board, hitherto holding the role of marketing manager in Starward Industries. The appointment took place upon adoption of the resolution.

The three-person Management Board, made up of people with different competencies, will allow effective management of the Company at, among others, the final stage of production of The Invincible, where it is crucial to focus on development, negotiations

with potential partners, as well as implementation of an effective marketing strategy.

As of date March 31, 2022 and as at the date of this report, the composition of the Supervisory Board was as follows:

- **Wojciech Weiss** - Chairman
- **Michał Siennicki** - Vice-Chairman, individual investors' representative
- **Marcin Górecki** - member
- **Marta Adamska** - member
- **Michał Pietrzekiewicz** - member

3.3. Description of activities

Starward Industries is an independent developer of games from the so-called **AA+** segment, designed for personal computers and PlayStation, Xbox and Nintendo Switch game consoles, created by a team with many years of experience in companies such as CD Projekt Red, Reality Pump, Techland, headed by Marek Markuszewski - President of the Management Board and author of the studio concept.

Marek Markuszewski gained experience in the Kraków branch of CD Projekt RED, which he co-founded. After leaving the position of Senior Producer, he devoted himself to a new project which formed the basis for Starward Industries S.A. Over a year he gained talented and experienced game developers for cooperation, acquired a license to adapt an outstanding novel Sci-Fi and created a detailed business plan for the undertaking. In June 2018, he met

with a group of individual investors who provided the first round of financing and started to work together to develop the studio concept.

The result is a mature company structure and a long-term business and financial plan. The work culminated in the establishment of a joint stock company run under the current name on **10 September 2018** in Kraków. It was registered with the National Court Register on 27 September 2019, and from October of the same year it started to operate with all positions filled. At the beginning of 2020, Starward Industries began preparations for its debut on the NewConnect market, which culminated in the start of trading on 19 August 2020. This event completed the process of **going public**.

As of the date of this Report, the Company is in the process of developing a **role-playing game** based on a novel **“The Invincible” by Stanisław Lem**, a famous Polish writer whose books have been distributed in tens of millions of copies worldwide. Starward Industries holds an exclusive license to produce a video game based on one of Stanisław Lem's novels, which is valid until 5 October 2023.

The company is a pioneer in computer adaptation of Stanisław Lem's works. It does not reproduce any patterns created to date around the writer's work, but creates an original vision of the message. Starward Industries is aware that the goal it has set itself is ambitious, so it regularly consults its creative decisions with experts in Lem's work.

4. Significant events in the ended quarter

In January 2022:

- The production team began working on the Beta version of the game. As part of the development of this version, the following work began:
 - parallel testing of the game on PCs and consoles aimed at preparing the release on all target platforms (the production team has the hardware (devkits) and appropriate licenses to release the game on Xbox Series X|S and PlayStation 5),
 - recording of the English voice-overs,
 - Motion Capture sessions for large animation scenes.

The results of this stage, in the form of, among others, a playable version of the game in a quality close to that of the final version, were presented to partners with whom the Company is currently engaged in negotiations.

- On **27 January 2022**, an update appeared on <https://invinciblethegame.com/> introducing, among other things, a new scene from the game's world.
- On 28 January 2022, [the product page for The Invincible](#) appeared on the Epic Games Store. This is the third shop (after Steam and GOG) where the game will be sold on the PC platform.

In February 2022:

- On **3 February 2022**, [Kotaku](#), a website that publishes news and opinions on video games, published an interview with Wojciech Ostrycharz, art director of Starward Industries.
- Two interviews with **Marek Markuszewski, president of Starward Industries**, were published:
 - on **15 February 2022** on [The Escapist](#) website that provides news for entertainment enthusiasts,
 - on **23 February 2022** on the [News Nine](#) website, a news platform from India that is a digital version of TV9 news.

In March 2022:

- On **15 March 2022**, the production team finished working on the first phase of the Beta version of the game (MS-18). The results of this work were made available by the Company to:
 - Industry consultants - to gather comments, particularly on story direction, dialogue quality and acting,
 - Publishers - for general product comments and review of publishing options,
 - Retail platform owners - to gather feedback and revise distribution options and to bolster the game's visibility in shops,
 - Selected news media - for silent reviews.

In the next steps, the Company plans to make the game available to a selected group of players in closed tests in order to gather additional reviews and feedback directly from the selected target group.

- In March 2022, a Community Manager joined the Company's marketing team.

5. Significant events following the end of first quarter of 2022 r.

In April 2022:

- Based on the results of tests carried out by the Company's development team and by external companies, work was carried out with the aim of optimising the game. This will allow to increase the overall performance and reduce the recommended hardware requirements.
- In late March / early April 2022, work began on the next Milestone (MS-19). As planned, they will last until mid-June and will result in another complete game area, presenting high quality graphics, animations, sound and gameplay.
- On **11 April 2022**, Management Board Members Dawid Sękowski and Maciej Dobrowolski took part in the investor chat organized as part of the VIII edition of the Stock Exchange Gaming event. During the meeting, the topics discussed included the recent events which took place in the Company, changes in the composition of the Management Board and plans for the near future.

A transcript of the meeting can be found on the [StockWatch](#) website.

- On **21 April 2022**, a 16-page article on The Invincible was published in The EDGE, a print magazine. The Edge is one of the most prestigious gaming magazines in the world. The Invincible is the fourth Polish game to ever be featured on its cover.

In May 2022:

- On **7 May 2022**, the official [Discord](#) game server was launched.
- Discussions with selected publishers continued, aimed at selecting a suitable partner and concluding a publishing agreement.
- There was a monthly update of [The Invincible](#) product page. The intention of presenting the next part of the story is to introduce the viewer to the game's world and show the features of The Invincible.

6. Quarterly condensed financial statements for the first quarter of 2022

6.1. Commentary to the results for the first quarter of 2022

As of March 31, 2021, the Company's balance sheet total showed PLN 7 652 012,01, including PLN 6 836 394,58 in equity and PLN 7 448 765,39 in current assets. In the first quarter of 2022, the Company increased the value of inventories to PLN 5 738 158,03, which includes the costs of development work on the first video game.

At the same time, in the ended of the first quarter 2022, the Company incurred operating expenses in the amount of

PLN 1 048 645,96, mostly due to external services directly related to development works. The reported net loss of PLN 446 667,55 is in line with the Company's budget assumptions and represents the advancement of the game's production plan.

The Company plans to generate the first significant revenues immediately after the commencement of sales of the game, which, in the Company's opinion, will allow it to further develop its operations and finance further projects.

6.2. Condensed balance sheet

ASSETS (PLN)	31.03.2022 r.	31.12.2021 r.	31.03.2021 r.
Fixed assets	203 246,62	209 747,55	128 560,36
<u>Intangible and legal assets</u>	<u>0,00</u>	<u>0,00</u>	<u>0,00</u>
Costs of completed development worksh	0,00	0,00	0,00
Goodwill	0,00	0,00	0,00
Other intangible and legal assets	0,00	0,00	0,00
Advance payments towards intangible and legal assets	0,00	0,00	0,00
<u>Tangible fixed assets</u>	<u>66 728,38</u>	<u>73 229,31</u>	<u>24 091,05</u>
From related parties	66 728,38	73 229,31	24 091,05
Fixed assets under construction	0,00	0,00	0,00
Advances on fixed assets under construction	0,00	0,00	0,00
<u>Long-term receivables</u>	<u>26 854,93</u>	<u>26 854,93</u>	<u>0,00</u>
From related parties	0,00	0,00	0,00
From other entities in which the entity has a capital interest	0,00	0,00	0,00
From other entities	26 854,93	26 854,93	0,00

<u>Long-term investments</u>	<u>93 949,31</u>	<u>93 949,31</u>	<u>92 181,31</u>
Real property	0,00	0,00	0,00
Intangible and legal assets	0,00	0,00	0,00
Long-term financial assets	93 949,31	93 949,31	92 181,31
Other long-term investment	0,00	0,00	0,00
<u>Long-term prepayments/accruals</u>	<u>15 714,00</u>	<u>15 714,00</u>	<u>12 288,00</u>
Deferred income tax assets	15 714,00	15 714,00	12 288,00
Other prepayments/accruals	0,00	0,00	0,00
Current assets	7 448 765,39	8 055 544,05	9 369 083,77
<u>Inventory</u>	<u>5 738 158,03</u>	<u>5 132 231,87</u>	<u>3 413 282,95</u>
Materials	0,00	0,00	0,00
Semi-finished products and products in progress	5 738 158,03	5 132 231,87	3 413 164,15
Finished products	0,00	0,00	0,00
Goods	0,00	0,00	0,00
Advances on supplies and services	0,00	0,00	118,80
<u>Short-term receivables</u>	<u>435 070,47</u>	<u>391 458,83</u>	<u>303 947,30</u>
Receivables from related entities	0,00	0,00	0,00

Receivables from other entities in which the entity has a capital interest	0,00	0,00	0,00
Receivables from other entities	435 070,47	391 458,83	303 947,30
<u>Short-term investments</u>	<u>1 214 651,93</u>	<u>2 463 765,62</u>	<u>5 621 304,38</u>
Short-term financial assets	1 214 651,93	2 463 765,62	5 621 304,38
Other short-term investments	0,00	0,00	0,00
<u>Short-term prepayments/accruals</u>	<u>60 884,96</u>	<u>68 087,73</u>	<u>30 549,14</u>
Called-up share capital (fund)	0,00	0,00	0,00
Own shares (stocks)	0,00	0,00	0,00
TOTAL ASSETS	7 652 012,01	8 265 291,60	9 497 644,13

LIABILITIES (PLN)	31.03.2022 r.	31.12.2021 r.	31.03.2021 r.
Equity capital	6 836 394,58	7 283 062,13	8 971 520,26
Share capital (fund)	243 879,35	243 879,35	243 879,35
Supplementary capital (fund)	9 038 089,13	9 038 089,13	10 171 894,85
Revaluation capital (fund)	0,00	0,00	0,00
Other reserve capitals	0,00	0,00	0,00
Profit (loss) from previous years	-1 998 906,35	0,00	0,00

Net profit (loss)	-446 667,55	-1 998 906,35	- 1 444 253,94
Write-offs from net profit during the financial year (negative value)	0,00	0,00	0,00
Liabilities and provisions for liabilities	815 617,43	982 229,47	526 123,87
<u>Provisions for liabilities</u>	<u>581 668,23</u>	<u>594 168,23</u>	<u>372 649,83</u>
Towards related entities	465 729,00	465 729,00	272 699,00
Provision for pensions and similar benefits	3 986,17	3 986,17	5 576,78
Other provisions	111 953,06	124 453,06	94 374,05
<u>Long-term liabilities</u>	<u>0,00</u>	<u>0,00</u>	<u>0,00</u>
Towards related entities	0,00	0,00	0,00
Towards other entities in which the entity has a capital interest	0,00	0,00	0,00
Towards other entities	0,00	0,00	0,00
<u>Short-term liabilities</u>	<u>233 949,20</u>	<u>388 061,24</u>	<u>153 474,04</u>
Liabilities towards related entities	0,00	0,00	0,00
Liabilities towards other entities in which the entity has a capital interest	0,00	0,00	0,00
Liabilities towards other entities	233 949,20	388 061,24	153 474,04
Special funds	0,00	0,00	0,00
<u>Prepayments and accruals</u>	<u>0,00</u>	<u>0,00</u>	<u>0,00</u>

Negative goodwill	0,00	0,00	0,00
Other prepayments/accruals	0,00	0,00	0,00
TOTAL LIABILITIES	7 652 012,01	8 265 291,60	9 497 644,13

6.3. Condensed profit and loss account

PROFIT AND LOSS ACCOUNT (PLN)	01.01.2022 - 31.03.2022	01.01.2021 - 31.03.2021
Net revenue from sales	605 926,16	416 487,47
Net revenue from sales of products	0,00	5 516,10
Change in inventory	605 926,16	410 971,37
Cost of manufacturing products for the entity's own needs	0,00	0,00
Net revenues from sales of goods and materials	0,00	0,00
Operating costs	1 048 645,96	719 924,05
Depreciation	15 861,78	17 707,31
Material and energy consumption	11 935,92	12 734,83
Third-party services	848 811,65	602 511,98
Taxes and charges	1 999,98	714,00
Remuneration	111 433,69	69 845,03

Social security and other benefits	27 182,26	14 699,12
Other generic costs	31 420,68	1 711,78
Value of sold goods and materials	0,00	0,00
Profit (loss) on sales	-442 719,80	-303 436,58
Other operating revenues	3,32	0,95
Profit on the outflow of non-financial fixed assets	0,00	0,00
Grants	0,00	0,00
Revaluation of non-financial assets	0,00	0,00
Other operating revenue	3,32	0,95
Other operating costs	1 029,44	5 754,28
Loss on disposal of non-financial fixed assets	0,00	0,00
Revaluation of non-financial assets	0,00	0,00
Other operating costs	1 029,44	5 754,28
Profit (loss) on operational activity	-443 745,92	-309 189,91
Financial income	435,98	80,57
Dividends and profit sharing	0,00	0,00
Interest	435,98	80,57
Profit on disposal of financial assets	0,00	0,00
Revaluation of financial assets	0,00	0,00

Other	0,00	0,00
Financial costs	3 357,61	1 338,88
Interest	834,00	0,00
Loss from disposal of financial assets	0,00	0,00
Revaluation of financial assets	0,00	0,00
Other	2 523,61	1 338,88
Gross profit (loss)	-446 667,55	-310 448,22
Income tax	0,00	0,00
Other mandatory profit reductions (increases in losses)	0,00	0,00
NET PROFIT (LOSS)	-446 667,55	-310 448,22

6.4. Condensed cash flow statement

CASH FLOW STATEMENT (PLN)	01.01.2022 - 31.03.2022	01.01.2021 - 31.03.2021
<i>Cash flows from operating activities</i>		
Net profit (loss)	-446 667,55	-310 448,22
<u>Total adjustments</u>	<u>-793 085,29</u>	<u>-456 734,00</u>
Depreciation	15 861,78	17 707,31
Profit (loss) on exchange rate differences	0,00	0,00

Interest and profit sharing (dividends)	0,00	0,00
Profit (loss) on investment activity	0,00	0,00
Change in reserves	-12 500,00	-30 000,00
Change in inventory	-605 926,16	-411 090,17
Change in receivables	-43 611,64	-107 186,61
Change in short-term liabilities, except for loans and credit	-154 112,04	72 655,68
Change in accruals and prepayments	7 202,77	1 179,79
Other adjustments	0,00	0,00
Net cash flows from operating activities	-1 239 752,84	-767 182,22
<i>Cash flows from financial activities</i>		
<u>Inflows</u>	0,00	0,00
Net proceeds from the issue of shares (issue of stocks) and other capital instruments and capital contributions	0,00	0,00
Loans and advances	0,00	0,00
Issue of debt securities	0,00	0,00
Other financial inflows	0,00	0,00
<u>Expenses</u>	<u>9 360,85</u>	<u>14 985,79</u>
Acquisition of intangible and legal assets and tangible fixed assets	9 360,85	14 985,79

Investments in real estate and in intangible and legal assets	0,00	0,00
For financial assets	0,00	0,00
Other investment expenditure	0,00	0,00
Net cash flows from investment activities	-9 360,85	-14 985,79
<i>Cash flows from financial activities</i>		
<u>Inflows</u>	<u>0,00</u>	<u>2 715 515,00</u>
Net proceeds from the issue of shares (issue of stocks) and other capital instruments and capital contributions	0,00	2 715 515,00
Loans and advances	0,00	0,00
Issue of debt securities	0,00	0,00
Other financial inflows	0,00	0,00
<u>Expenses</u>	<u>0,00</u>	<u>0,00</u>
Purchase of own shares (stocks)	0,00	0,00
Dividends and other payments to owners	0,00	0,00
Expenses on account of profit distribution, other than payments to owners	0,00	0,00
Repayment of credits and loans	0,00	0,00
Redemption of debt securities	0,00	0,00
For other financial liabilities	0,00	0,00

Payment of liabilities under financial lease agreements	0,00	0,00
Interest	0,00	0,00
Other financial expenses	0,00	0,00
Net cash flows from financial activities	0,00	2 715 515,00
Net cash flow tota	-1 249 113,69	1 933 346,99
Balance sheet change in cash	-1 249 113,69	1 933 346,99
Cash at the start of the period	2 463 765,62	3 687 957,39
Cash at the end of the period	1 214 651,93	5 621 304,38

6.5. Condensed statement of changes in equity

STATEMENT OF CHANGES IN EQUITY (FUND)	01.01.2022 - 31.03.2022	01.01.2021 - 31.03.2021
Opening balance of equity capital (fund) (OB)	7 283 062,13	6 566 453,48
Opening balance of equity capital (fund) (OB), after corrections	7 283 062,13	6 566 453,48
<u>Opening balance of basic capital (fund)</u>	<u>243 879,35</u>	<u>240 240,00</u>
Changes in basic capital (fund)	0,00	3 639,35
Closing balance of basic capital (fund)	243 879,35	243 879,35
<u>Opening balance of supplementary capital (fund)</u>	<u>9 038 089,13</u>	<u>7 460 019,20</u>
Changes in supplementary capital (fund)	0,00	2 711 875,65
Closing balance of supplementary capital (fund)	9 038 089,13	10 171 894,85
<u>Opening balance of revaluation capital (fund)- changes in adopted accounting principles (policies)</u>	<u>0,00</u>	<u>0,00</u>
Changes in revaluation capital (fund)	0,00	0,00
Closing balance of revaluation capital (fund)	0,00	0,00
<u>Opening balance of other reserve capitals (funds)</u>	<u>0,00</u>	<u>0,00</u>
Changes in other reserve capitals (funds)	0,00	0,00
Closing balance of other reserve capitals (funds)	0,00	0,00
<u>Profit (loss) from previous years at the beginning of the period</u>	<u>-1 998 906,35</u>	<u>-1 133 805,72</u>

Profit from previous years at the beginning of the period	0,00	0,00
Profit from previous years at the beginning of the period, after corrections	0,00	0,00
Profit from previous years at the end of the period	0,00	0,00
Loss from previous years at the beginning of the period	1 998 906,35	1 133 805,72
Loss from previous years at the beginning of the period, after corrections	1 998 906,35	1 133 805,72
Loss from previous years at the end of the period	1 998 906,35	1 133 805,72
Profit (loss) from previous years at the end of the period	-1 998 906,35	-1 133 805,72
Net result	-446 667,55	-310 448,22
Closing balance of equity capital (fund) (CB)	6 836 394,58	8 971 520,26
Equity capital (fund), after taking into account the proposed profit distribution (loss coverage)	6 836 394,58	8 971 520,26

7. Standpoint regarding the possibility of meeting the published forecasts for the given year in the light of the results presented in the quarterly report

Not applicable. Until the date of this Report, the Company has not published any financial forecasts. Due to the specific nature of the video game development and sales industry, Starward Industries is of the opinion that it is not possible to determine precisely the

potential volume of copies sold in the future, and any assumed data can only be indicative. Therefore, as of the date of this Report, the Company does not draw up any binding plans for the sale of products in terms of the number of copies of the game produced.

8. Description of the state of implementation of the Company's activities and investments and the schedule of their execution

INVESTMENT OUTLAYS (PLN)	01.01.2022 - 31.03.2022	01.01.2021 - 31.03.2021
	PLN	PLN
INVESTMENT EXPENDITURES	9 360,85	14 985,79
Acquisition of intangible and legal assets and tangible fixed asset	9 360,85	14 985,79
For financial assets, including::	0,00	0,00
Long-term loans granted	0,00	0,00

The Company has not yet made any significant investments in tangible fixed assets. Its expenditure on development work on the games and maintenance of the design and production team is recognised both as costs of salaries and external services, depending on the form of cooperation with members of the

production team, and as intangible assets. In the first quarter of 2022, the value of expenditure incurred by the Company on the acquisition of intangible assets and tangible fixed assets amounted to PLN 9 360,85.

9. Initiatives taken by the Company during the period covered by the report aimed at introducing innovative solutions

Not applicable. In the period covered by this Report, the Company did not undertake any initiatives aimed at introducing innovative solutions in the company from the perspective of the question at hand.

All initiatives undertaken by the Company are related to the production of the first project under the title The Invincible, which by its nature is innovative and developmental. In the opinion of

Starward Industries, the project focuses on continuous development by using the latest available technologies, which are the basis for building a solid base of potential customers. In particular, the Company's Management Board analyses and develops available technologies on an ongoing basis, e.g. in the field of game engines, with a view to their use in the production process

10. Description of the structure of the capital group, including entities subject to consolidation

During Q1 2022 and as at the date of the report, Starward Industries did not form and does not form a group within the meaning of the accounting regulations applicable to the company.

As well as it did not and does not hold any interest in any subsidiaries.

11. Shareholding structure of Starward Industries

The data concerning the shareholding structure of Starward Industries are presented to the best of the Company's knowledge, based on information provided by the shareholders, and may not include transactions that did not give rise to reporting obligations.

No	Shareholder	No. of shares	% of shares	No. of votes	% of votes
1	Marek Markuszewski*	380 002	20,26%	380 002	20,26%
2	Kamil Klinowski	125 127	6,67%	125 127	6,67%
3	Marcin Przasnyski	117 236	6,25%	117 236	6,25%
4	Chiswick Creative Ventures Ltd.	101 007	5,38%	101 007	5,38%
5	Sebastian Służka	100 000	5,33%	100 000	5,33%
6	Daniel Betke*	100 000	5,33%	100 000	5,33%
7	Dawid Sękowski*	84 701	4,51%	84 701	4,51%
8	Mariusz Antkiewicz	50 000	2,67%	50 000	2,67%
9	Acion Partners Ltd.	27 995	1,49%	27 995	1,49%
10	Wojciech Weiss**	9 456	0,50%	9 456	0,50%
11	Michał Siennicki**	3 000	0,16%	3 000	0,16%
12	Workers and coworkers	122 225	6,52%	122 225	6,52%
13	The other shareholders < 5%	655 246	34,93%	655 246	34,93%
	TOTAL	1 875 995	100,00%	1 875 995	100,00%

* Management Board / ** Supervisory Board

12. Information on lock-up agreements

To the best of the Management Board knowledge, as at the date of this report, the existing shareholders of the Company were mostly parties to lock-up agreements. A total of 818 001 shares in the Company (part of A series shares for which the lock-up did not expire on 19 August 2021 and on 19 February 2022 and all B and F series), representing 43,60% of the share capital and total number of votes at the AGM ("Lock-up Agreement"), are subject to the lock-up.

The current Lock-up agreements have been entered into for a period of time from the date of execution to the expiry of the respective periods calculated from the date of the official release of the Company's first game, "The Invincible".

13. Information on the number of persons employed by Starward Industries, in full-time equivalents

As at the end of the first quarter of 2022, calculated on a full-time basis within the definition of the Labour Code Act, The company employed 2 and 3/4 persons. At the same time, Starward Industries

cooperates on a permanent basis with 33 persons who provide services to the Company on the basis of civil law contracts.

Prepared in Kraków on 13 May 2022.