



# **STARWARD INDUSTRIES**

**THE TRANSLATION OF  
ANNUAL REPORT 2020**

Starward Industries Spółka Akcyjna

### Authorized Advisor

This report has been prepared in line with the requirements set out in Appendix 3 to the Regulations of the Alternative Trading System: “*Current and Periodic Information Provided in the Alternative Trading System on the NewConnect Market.*”

The role of the Authorized Consultant for Starward Industries S.A. is fulfilled by Navigator Capital Spółka Akcyjna with its registered office in Warsaw (00-105), ul. Twarda 18, entered into the Register of Entrepreneurs of the National Court Register under number KRS 0000380467.

**Please note that the following content of this document is not the Annual Report under 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", but only translation of Annual Report 2020 and has not been published in accordance to aforementioned regulations. Only the Annual Report in Polish language was published in the manner specified in the aforementioned regulations and is the only binding document providing the information specified in these regulations.**

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## 1. Letter from the Management to Shareholders and Investors

Dear Sir/Madam

on behalf of Starward Industries, we invite you to read this annual report for the year 2020, which contains, among other things, the company's audited report concerning the annual financial statements for 2020 and the management board's report on the company's activities in 2020, outlining the most important events related to Starward Industries activities during the above-mentioned period. The published data is intended to present reliably and clearly the information relevant to the assessment of the company's property and financial situation, and to present the previous achievements and development prospects for our studio.

The past year saw the following key events for the company's operations.

In April, the development team completed the pre-production phase of the first game. This is how the product was defined – all variants were tested and selected on the basis of the prototypes produced. The key elements needed to move into the production phase of the game were specified, such as the list and design of the main mechanics, the list of characters and their features, the mission specification, the list of levels and the list of key assets and animations.

From this moment the team entered the production phase and has been developing the game in shorter production stages. By the end

of last year, the following stages had been completed: MS-06, MS-07, MS-08, MS-09 and MS-10, bringing the game closer to the Pre-Alpha phase, which will allow for the first time to play through the game from start to finish.

The second very important event in the life of the company was its debut on NewConnect, which took place on 19 August.

Another key event for the company was the promotional campaign around the global preview of the game. Up to this point, the studio had presented the basic blueprint of the game, without making reference to Stanisław Lem's novel on which it is based, but had not disclosed any game materials. On 15 September, the name of the game was revealed: "The Invincible" which was the same as the title of the adapted novel. The first screenshots of the game and a fragment of the soundtrack were published on the Steam store website.

The preview of the game was met with a clearly positive reception. Within a week of its announcement, information about the game was published on over 250 websites in more than 20 languages. The most influential media outlets written about "The Invincible": GameSpot (79 million visits per month), IGN (76 million visits), PC Gamer (20 million), GamePressure (10.7 million), Rock Paper Shotgun (5.4 million), Destructoid (2.4 million), Game Informer (2 million) or GamesIndustry.biz (1.1 million). The posts' reach on official social channels, i.e. Facebook and Twitter, exceeded 3 million people,

including over 500k interactions and a total of over 50k likes in less than a week after the game was released. The campaign was awarded at the European Agency Awards 2020 for Best New Business Campaign.

The company uses the acquired funding according to the approved budget, while the first revenues are supposed to be generated from the sale of the game "The Invincible".

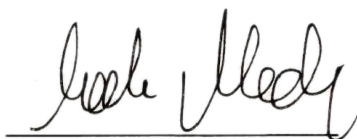
Last year was also a period of systematic growth of the team. The production team was increased by 3 people in the following positions: QA Analyst, Level Designer, Programmer. The studio also started co-working with the award-winning sci-fi writer Michał Cholewa as a fiction consultant. In November, Dawid Sękowski resigned as member of supervisory board, and in the same month

he was appointed a member of the management board. The vacancy in the supervisory board was filled by Michał Siennicki who was given the task of representing individual investors.

Detailed information is presented in the management board's report on the company's activities attached to this annual report.

We would like to thank all Shareholders for the trust they have placed in us. We would like to assure you that the company's management and the entire production team are constantly working on the game and striving to put out a premium quality of the end-product.

Yours faithfully,



Marek Markuszewski

Chair of the Board



Daniel Betke

Member of the Board



Mariusz Antkiewicz

Member of the Board



Dawid Sękowski

Member of the Board

## 2. Selected financial data

Profit and loss statement (selected data)	01.01.2020 31.12.2020	10.09.2018 31.12.2019	01.01.2020 31.12.2020	10.09.2018 31.12.2019
	PLN	PLN	EUR	EUR
Net revenues from sales and equivalents, including:				
	1,405,416.82	1,596,775.96	314,115.78	326,772.73
Net revenues from product sales	0.00	0.00	0.00	0.00
Change in inventories	1,405,416.82	1,596,775.96	314,115.78	326,772.73
Profit (loss) from sales	-1,187,895.97	-1,170,023.08	-265,499.08	-276,197.07
Gross profit (loss)	-1,166,795.72	-1,154,554.10	-260,783.09	-271,291.06
Net profit (loss)	-1,133,805.72	-1,447,955.10	-253,409.71	-263,620.57

Balance sheet (selected data)	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	PLN	PLN	EUR	EUR
<b>Fixed assets</b>	158,136.81	121,440.82	34,267.32	28,517.28
<b>Assets</b>	6,891,784.86	5,163,695.36	1,493,409.22	1,212,562.02
Inventories	3,002,192.78	1,596,775.96	650,557.51	374,962.07
Short-term receivables	169,905.76	146,789.08	36,817.58	34,469.67
Short-term investments	3,687,957.39	3,383,253.45	799,158.66	794,470.69
Short-term prepayments and accruals	31,728.93	36,876.87	6,875.47	8,659.59
<b>TOTAL ASSETS</b>	<b>7,049,921.67</b>	<b>5,285,136.18</b>	<b>1,527,676.53</b>	<b>1,241,079.30</b>
<b>Equity</b>	6,566,453.48	4,700,814.20	1,422,911.82	1,103,866.20
<b>Liabilities and provisions for liabilities in total</b>	483,468.19	584,321.98	104,764.71	137,213.10
Provisions for liabilities	402,649.83	375,868.00	87,251.85	88,263.00
Long-term liabilities	0.00	0.00	0.00	0.00
Short-term liabilities	80,818.36	208,453.98	17,512.86	48,950.10
Accruals and deferrals	0.00	0.00	0.00	0.00
<b>TOTAL LIABILITIES</b>	<b>7,049,921.67</b>	<b>5,285,136.18</b>	<b>1,527,676.53</b>	<b>1,241,079.30</b>

Cash flow statement (selected data)	01.01.2020 31.12.2020	10.09.2018 31.12.2019	01.01.2020 31.12.2020	10.09.2018 31.12.2019
	PLN	PLN	EUR	EUR
Net cash flow from operating activities	-2,662,821.86	-2,587,721.97	-595,150.39	-601,669.88
Net cash flow from investment activities	-31,919.20	-177,793.88	-7,134.06	-41,338.76
Net cash flow from financial activities	2,999,445.00	6,148,769.30	670,386.88	1,429,647.12
Total net cash flows	304,703.94	3,383,253.45	68,102.44	786,638.48
Balance sheet change in cash	304,703.94	3,383,253.45	68,102.44	786,638.48
Cash at the beginning of the period	3,383,253.45	0.00	756,169.47	0.00
Cash at the end of the period	3,687,957.39	3,383,253.45	824,271.91	786,638.48

The main items of the financial statements were converted EUR at the average foreign exchange rates established by the National Bank of Poland as follows:

a) Balance sheet - at the average foreign exchange rate applicable on the last day of the relevant period:

- as on 31 December 2020, the average exchange rate was 4.6148,
- as on 31 December 2019, the average exchange rate was 4.2585.



b) Profit and loss account and cash flow statement – using exchange rates reflecting the arithmetic mean of average EUR exchange rates as on the last day of each month in a given period:

- the arithmetic mean for the period from 1 January to 31 December 2020 was 4.4742,
- the arithmetic mean for the period from 10 September 2018 to 31 December 2019 was 4.3009.

### **3. Description of the organization of the capital group**

In 2020 and as on the date of the report, Starward Industries did not properly create or form a capital group within the meaning of the accounting regulations applicable to the company. Also, on these above dates, the Company did not and does not own any shares in subsidiaries.

### **4. Separate financial statements of Starward Industries SA for 2020**

The separate financial statements of Starward Industries SA for 2020, prepared in line with the applicable accounting principles and audited by an auditing company, constitute Appendix 1 to this report.

### **5. The Management Board's report on the activities of Starward Industries SA in 2020**

The Management Board's report on the activities of Starward Industries SA for the financial year covering the period from 1 January 2020 to 31 December 2020, constitutes Appendix 2 to this report.

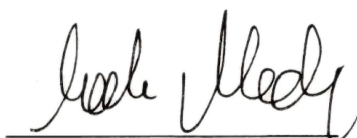
### **6. Audit report on the financial statements of Starward Industries SA for 2020**

The audit report on the financial statements of Starward Industries SA for 2020 is attached as Appendix 3 to this report.



## 7. Statement of the management board on the method of preparing the annual financial statements by Starward Industries SA for 2020

On behalf of the management board of Starward Industries SA, we hereby declare that, to the best of our knowledge, the annual financial statements and comparable data have been prepared in accordance with the regulations applicable to the company and that they truthfully, fairly and clearly reflect the company's assets and financial standing, and that the report on the company's activities contains a true picture of the company's situation, including a description of the main threats and risks.



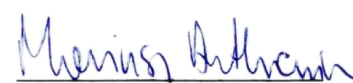
Marek Markuszewski

Chairman of the Board



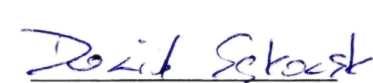
Daniel Betke

Member of the Board



Mariusz Antkiewicz

Member of the Board



Dawid Sękowski

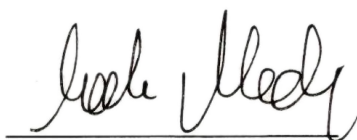
Member of the Board

## 8. Statement of the management board on the selection of an audit company to audit the annual financial statements of Starward Industries SA for 2020

On behalf of the management board of Starward Industries SA, we hereby declare that the audit firm hired to audit the company's annual financial statements was selected in line with the regulations, including the selection procedure for an audit firm. At the same time, we declare that the audit company and members of the audit team passed the criteria for drawing up an impartial and independent report on the audit of the company's annual financial statements in accordance with the applicable regulations, professional standards and rules of professional ethics.

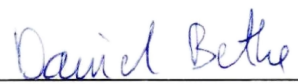
## 9. Information on the application of corporate governance principles

Information on the application by Starward Industries SA of the principles of corporate governance specified in the document of "Best Practices of NewConnect Listed Companies" is attached as Appendix 4 to this report.



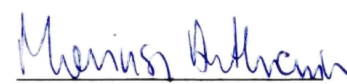
Marek Markuszewski

Chair of the Board



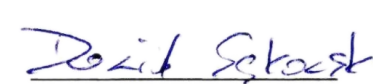
Daniel Betke

Member of the Board



Mariusz Antkiewicz

Member of the Board



Dawid Sękowski

Member of the Board



# THE INVINCIBLE

A videogame by Starward Industries

