



# **STARWARD INDUSTRIES**

**THE TRANSLATION OF  
QUARTERLY REPORT  
01.07.2021 - 30.09.2021**

Starward Industries Spółka Akcyjna

**Authorized Advisor**

**Navigator Capital**<sup>®</sup>  
 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.

**Please note that the following content of this document is not the Quarterly 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 Quarterly Report and has not been published in accordance to aforementioned regulations. Only the Quarterly Board 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. Executive summary

Dear Shareholders,

We would like to invite you to read the interim report for Q3 2021 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.

We start our summary with the marketing area, where several important events took place, commencing the next (middle) phase of promoting “The Invincible” game.

We launched our first product website which featured a symbolic space journey from the Solar System to the fictional location in the Universe where our game is set. The website featured a counter, counting down the 30 days until the publication of the first gameplay footage, showing the world in motion, the main characters and a preview of the storylines in the game. Shortly afterwards we launched another product website, which contains extended information about the game, interesting facts about its world and which acts as a platform for presenting side stories set around the main storyline.

In that period, we promoted our game for the first time at a physical stand as part of the Bomba Megabitowa festival, organised in honour of Stanisław Lem on the 100th anniversary of his birth.

Before launching the marketing activities we completed full configuration of the analytics tools. We used new materials (film,

screenshots and graphics) to test run promotional campaigns monitoring traffic and verifying the activities of target groups and the effectiveness of specific forms and channels of promotion. The Management Board positively assesses the course of the activities and their results. Detailed descriptions of the events can be found further in this report.

The past period is also an important stage in the production of the game. We reached Pre-Alpha level in July. Together with the regularly expanded production team, we are on the way to closing the full Alpha, i.e. a complete, walk through version of the game, with elements at a level still deviating from the expected final quality that will be achieved while working on the Beta version

In the financial area, the Company increased its inventory in the third quarter to PLN 4,352,092.30, incurred operating expenses of PLN 969,897.69 and reported a net loss of PLN 518,128.53. The loss generated is in line with the Company's budget assumptions and is covered by the advancement of the game production plan.

## QUARTERLY REPORT - Q3 2021

We conclude the executive summary with a description of the Company's personnel. In this area, we continue to expand the composition of our team. In October we started recruiting for seven positions, four of which have already been filled, and as a result our team at the date of publication of the report consists of 30 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 01.07.2021 – 30.09.2021 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 01.07.2021 – 30.09.2021 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

<b>Company:</b>	<b>Starward Industries Spółka Akcyjna</b>
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 September 30, 2021 and as at the date of this report, the composition of the Management Board was as follows:

- **Marek Markuszewski** - President
- **Daniel Betke** - member
- **Mariusz Antkiewicz** - member
- **Dawid Sękowski** - member

As of date September 30, 2021 and as at the date of this report, the composition of the Supervisory Board was as follows:

- **Wojciech Weiss** - Chairman
- **Michał Siennicki** - Vice-Chairman
- **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 intends to release its first game well before the licence expiry.

## QUARTERLY REPORT - Q3 2021

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.

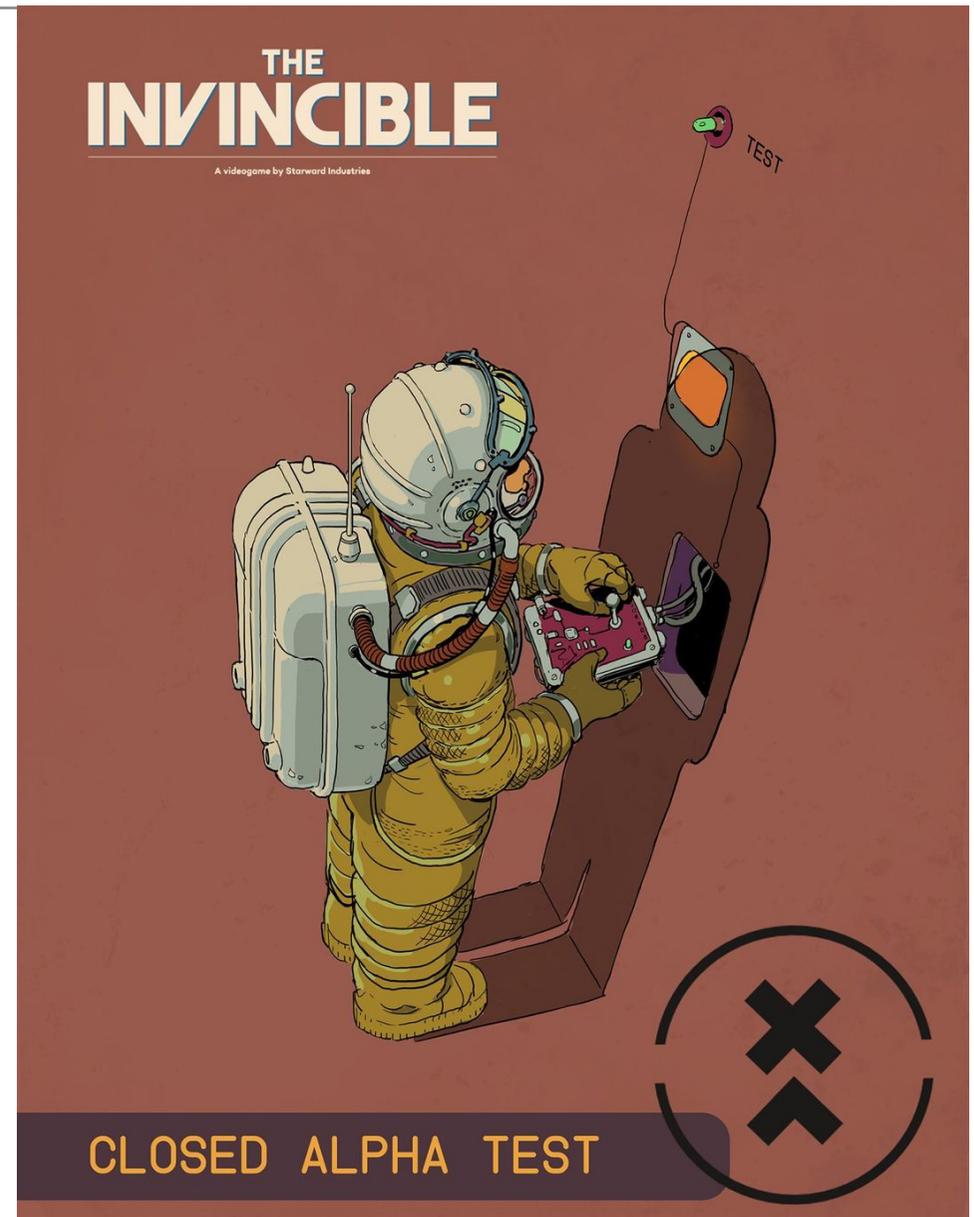
## 4. Significant events in the ended quarter

### July 2021:

- On **9 July 2021**, the company announced a call for closed game testing.
- On **28 July 2021**, the next phase (**MS-16**) was completed, bringing the game to the **Pre-Alpha** stage, implementing the full story structure developed in January (MS-11).

### August 2021:

- On **4 August 2021**, full planning was completed for all milestones up to the game's release and a detailed plan for the upcoming production phase was established. From then on, the team adopted a more classic naming scheme for production stages, making a distinction between their size: large milestones (Milestones), made up of shorter stages (Sprints).



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### September 2021:

- Between **12 - 14 September 2021**, the Company participated as a technology partner in the Bomba Megabitowa Festival, organised in Kraków to celebrate the 100th anniversary of the birth of writer Stanisław Lem. At a dedicated stand, representatives from Starward Industries presented assets from “The Invincible” game, based on the novel of the same name. The company also prepared original gadgets from the game, which were given away as part of mini competitions held during the event.

The main objectives of participating in the event were:

- increasing the studio's brand recognition beyond its core audience
- checking the reception of the prepared game materials by people very familiar with Stanisław Lem's work
- preparation for participation in traditional trade events (with a stand)
- clear presence at an important event dedicated to the writer

The company has prepared a summary of its participation in the event in the form of a short [video](#), which is available on the Company's YouTube channel.



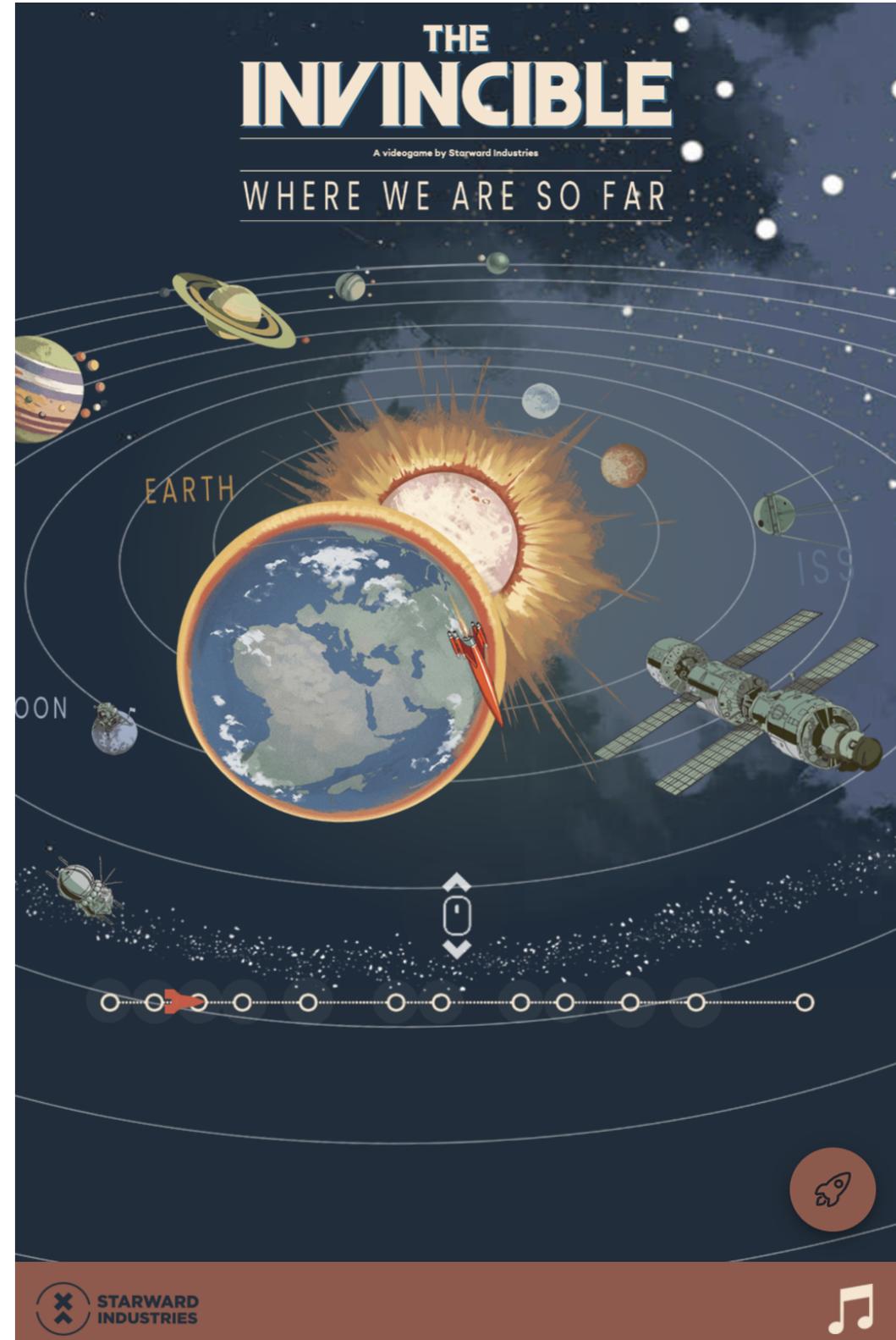
## QUARTERLY REPORT - Q3 2021

- On **15 September 2021**, the company launched its first product website available at [www.InvincibleTheGame.com](http://www.InvincibleTheGame.com). By accessing the website, visitors were able to systematically follow the stages of the ship's interstellar voyage from Earth to the Regis III planet, where "The Invincible" takes place. The landing on Regis III culminated with the display of the game's Teaser Trailer to the users (on 14 October). The website is currently available at: [www.journey.invinciblethegame.com](http://www.journey.invinciblethegame.com)
- On **17 September 2021**, the production team completed stage MS17S1, the first of four Sprints in Milestone 17, to reach Alpha level.

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During Q3 2021, the Company **began working with a group of additional persons** in the following positions:

- VFX Artist
- Unreal Programmer



## 5. Significant events occurring after the end of the third quarter of 2021

### October 2021:

- On **14 October 2021**, the Company unveiled the first, cinematic teaser [trailer for “The Invincible” game](#).

The material is intended to attract new audiences and to show elements of the game in a much broader scope than before (static screenshots and artwork) for people following the work on the game. The video shows, among other things:

- animations and character models (human and humanoid robot)
- dialogues and acting
- first-person animations including movement and helmet effects
- new wide shot of the environment with dynamic particle effects
- new objects (field base)
- operation of one of the hand-held devices (Locator)
- basic elements and plot threads - main characters (Yasna and Novik), conflicts and dynamics between the characters

Because of its form, the Teaser Trailer is intended to delight in quality and to intrigue the audience (raise questions, speculations). New materials will be oriented at starting to answer the questions of who we are, what our mission is, what we are doing on Regis III and how we play the game.



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As of the date of the report (approximately one month after the publication of the trailer), the video has been viewed over **530,000** times (on the Company's YouTube channel). The number of positive reactions exceeded **10,000**, representing around **97% of all reactions**. The film has more than **650 comments**, most of which are clearly positive.

The main part of the video (game footage) has a very high retention rate - viewers stop watching the video at the beginning or end part, while the change in the middle section is 2% ("flat graph"). YouTube classified the entire middle section (from 0:11 to 1:35) as a so-called Top Moment.

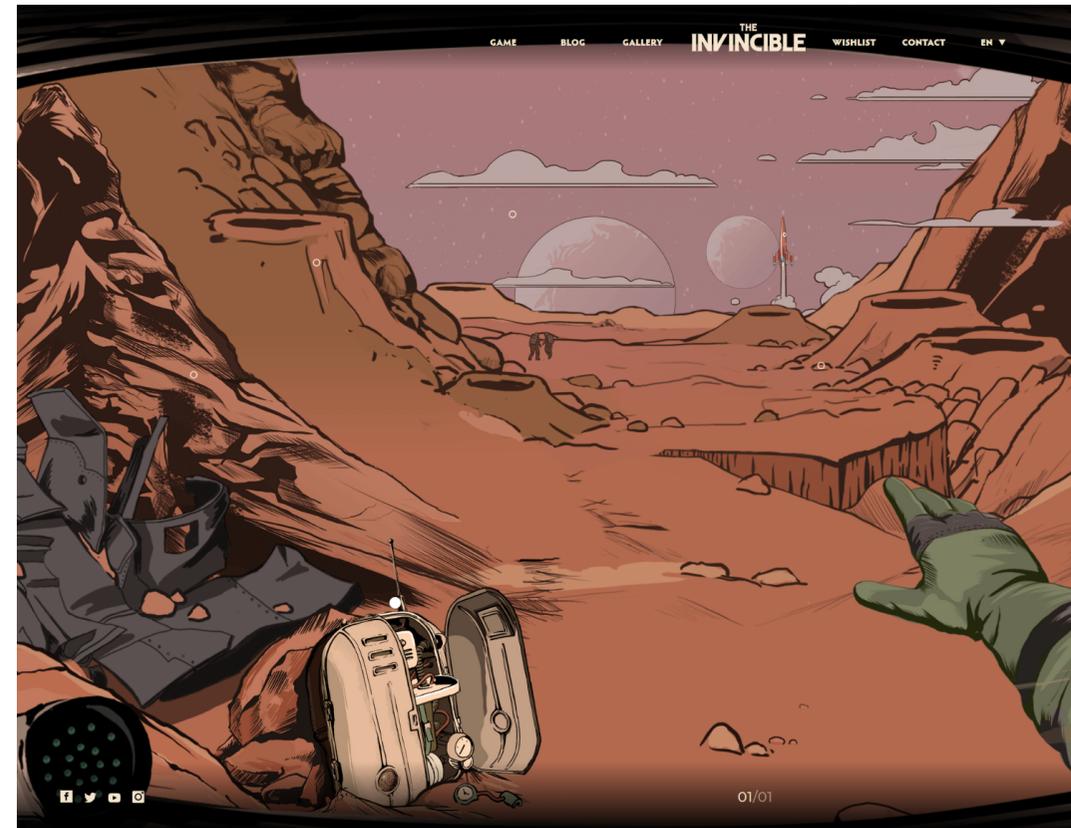
Videos posted on social media channels, as expected and in line with the nature of these media (screen scrolling), had worse results - around 350,000 views of at least three seconds, but only 30,000 over one minute.

According to a report received from the PR agency that mediates the distribution of press materials, mention of the trailer's release appeared on industry sites with a total of 20 billion monthly visits (by comparison, that figure when the game was announced last September was 8.5 billion). However, no mention appeared on several major portals that had previously published information about the game's announcement. These include portals such as: GameSpot, IGN (US), Kotaku, Polygon.



## QUARTERLY REPORT - Q3 2021

- On **14 October 2021**, the Company launched a second website at the same address [www.InvincibleTheGame.com](http://www.InvincibleTheGame.com) (replacing the previous one) where, from the first-person perspective and in a comic book visual style, visitors can start exploring the Regis III planet and browse the game materials published by the Company so far, i.e. the teaser trailer, a compilation of several tracks from the soundtrack, screenshots and graphics published on the blog and social media channels. The site is intended to be updated regularly and to encourage the tracking of new releases and stories that introduce the player to the game and intertwine with its main storyline.
- On **20 October 2021**, the production team completed work on MS17S2 (the second Sprint in Milestone 17 Alpha).
- Between **17 October 2021** and **28 October 2021**, a test advertising campaign was implemented on the Company's social channels: YouTube, Twitter, Facebook, Instagram, Reddit and TikTok, as well as Google Display, Google Search. A few days after the publication of the teaser trailer, the Company launched a small-scale advertising campaign with an external advertising agency. The aim of the campaign was to test the effectiveness of the channels for reaching the recipients of "The Invincible" and to verify the assumptions and target groups defined in the marketing plan.



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### November 2021:

- On **8 November 2021**, the GOG.com store published [The Invincible product page](#). At the same time, the game was included in the list of publications promoted as part of the Made in Poland campaign. This is the second store, after Steam, to feature a product page for The Invincible game. The next planned shops are: Epic Games Store, Xbox Games Store and PlayStation Store.

Wypredaż Made in Poland

W tym tygodniu świętujemy polską kreatywność w grach. Odkryj znakomite produkcje do 90% taniej w ofercie Made in Poland!

UDOSTĘPNIJ TWEETUJ

SPRAWDŹ GRY STWORZONE W POLSCE

Game Title	Genre	Year	Discount	Price
Galador - Książę i Tchórz	1998, Przygodowa	-50%	9,99 zł	
The Invincible	Akcji	Wkrótce		
Komornik: Nieskruszony	2021, Przygodowa	-10%	48,59 zł	
Lumencraft	Akcji	Wkrótce		
Lumencraft Demo	Akcji	za darmo		
Fire Commander	Akcji	Wkrótce		
Punk Wars	2021, Strategiczna	Wkrótce		
Scorchlands	Symulator	Wkrótce		
MythBusters: The Game - Zwiariowany...	Przygodowa	Wkrótce		
Serial Cleaners	Akcji	Wkrótce		
Janosik	2020, Akcji	za darmo		
Wiedźmin 3: Dziki Gon - Edycja Gry Roku	2016, RPG	-80%	29,99 zł	
Wiedźmin 2: Zabójcy Królów - Edycja Roz...	2012, RPG	-85%	5,99 zł	
Wiedźmin - Edycja Rozszerzona	2007, RPG	-85%	4,49 zł	
Wiedźmin Gra Przygodowa	2014, Przygodowa	-85%	5,99 zł	
Wojna Krwi: Wiedźmińskie Opowieści	2018, RPG	-70%	24,00 zł	
Cyberpunk 2077	2020, RPG	-33%	133,39 zł	
Ghostrunner	2020, Akcji	-60%	49,59 zł	
Gamedec - Digital Deluxe Edition	2021, RPG	-20%	111,99 zł	
Vampire: The Masquerade - Coteries of N...	2019, RPG	-70%	21,59 zł	
Vampire: The Masquerade - Shadows of N...	2020, RPG	-50%	23,49 zł	
Kao the Kangaroo Trilogy	Akcji	-40%	14,99 zł	
The Medium				

MADE IN POLAND SALE 8-15.11

ODKRYJ WIĘCEJ GIER

W ofercie Made in Poland na GOG.COM masz okazję zgarnąć ponad 200 tytułów w promocyjnej cenie i sprawdzić wiele nowości w naszym katalogu - między innymi klasyczną przygodówkę Książę i Tchórz. To wyjątkowa okazja, aby poznać masę ciekawostek o grach od polskich twórców, skorzystać z atrakcyjnych zniżek i odkryć nowe, niesamowite produkcje! Promocja trwa do 15 listopada 2021, do godz. 15:00.

## 6. Quarterly condensed financial statements for the third quarter of 2021

### 6.1. Commentary to the results for the third quarter of 2021

As of September 30, 2021, the Company's balance sheet total showed PLN 8 639 565.02, including PLN 8 129 287.74 in equity and PLN 8 457 883,80 in current assets. In the second quarter of 2021, the Company increased the value of inventories to PLN 4 352 092.30, which includes the costs of development work on the first video game.

At the same time, in the ended third quarter, the Company incurred operating expenses in the amount of PLN 969 897,69, mostly due to external services directly related to development

works. The reported net loss of PLN 518 128,53 is in line with the Company's budget assumptions and represents the advancement of the game's production plan

The Company plans to cover losses from its operating activities from the expected future revenues, which will be generated directly after the start of game sales. In the Company's opinion, this will allow for further development of business and financing of further projects.

## 6.2. Condensed balance sheet

ASSETS (PLN)	30.09.2021 r.	31.12.2020 r.	30.09.2020 r.
<b>Fixed assets</b>	<b>181 681,22</b>	<b>158 136,81</b>	<b>127 712,14</b>
<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>50 356,98</u>	<u>26 812,57</u>	<u>23 636,66</u>
From related parties	50 356,98	20 043,95	23 636,66
Fixed assets under construction	0,00	0,00	0,00
Advances on fixed assets under construction	0,00	6 768,62	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>92 181,31</u>	<u>92 181,31</u>	<u>90 408,48</u>
Real property	0,00	0,00	0,00

Intangible and legal assets	0,00	0,00	0,00
Long-term financial assets	92 181,31	92 181,31	90 408,48
Other long-term investments	0,00	0,00	0,00
<u>Long-term prepayments/accruals</u>	<u>12 288,00</u>	<u>12 288,00</u>	<u>13 667,00</u>
Deferred income tax assets	12 288,00	12 288,00	13 667,00
Other prepayments/accruals	0,00	0,00	0,00
<b>Current assets</b>	<b>8 457 883,80</b>	<b>6 891 784,86</b>	<b>7 167 933,49</b>
<u>Inventory</u>	<u>4 352 092,30</u>	<u>3 002 192,78</u>	<u>2 622 618,73</u>
Materials	0,00	0,00	0,00
Semi-finished products and products in progress	4 352 092,30	3 002 192,78	2 622 618,73
Finished products	0,00	0,00	0,00
Goods	0,00	0,00	0,00
Advances on supplies and services	0,00	0,00	0,00
<u>Short-term receivables</u>	<u>345 754,59</u>	<u>169 905,76</u>	<u>176 503,04</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	345 754,59	169 905,76	176 503,04
<u>Short-term investments</u>	<u>3 719 917,05</u>	<u>3 687 957,39</u>	<u>4 343 941,34</u>

Short-term financial assets	3 719 917,05	3 687 957,39	4 343 941,34
Other short-term investments	0,00	0,00	0,00
<u>Short-term prepayments/accruals</u>	<u>40 119,86</u>	<u>31 728,93</u>	<u>24 870,38</u>
<b>Called-up share capital (fund)</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
<b>Own shares (stocks)</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
<b>TOTAL ASSETS</b>	<b>8 639 565,02</b>	<b>7 049 921,67</b>	<b>7 295 645,63</b>

LIABILITIES (PLN)	30.09.2021 r.	31.12.2020 r.	30.09.2020 r.
<b>Equity capital</b>	<b>8 129 287,74</b>	<b>6 566 453,48</b>	<b>6 829 807,20</b>
Share capital (fund)	243 879,35	240 240,00	240 240,00
Supplementary capital (fund)	9 038 089,13	7 460 019,20	7 460 019,20
Revaluation capital (fund)	0,00	0,00	0,00
Other reserve capitals	0,00	0,00	0,00
Profit (loss) from previous years	0,00	0,00	0,00
Net profit (loss)	-1 152 680,74	-1 133 805,72	-870 452,00
Write-offs from net profit during the financial year (negative value)	0,00	0,00	0,00
<b>Liabilities and provisions for liabilities</b>	<b>510 277,28</b>	<b>483 468,19</b>	<b>465 838,43</b>
<u>Provisions for liabilities</u>	<u>372 649,83</u>	<u>402 649,83</u>	<u>367 068,00</u>
Towards related entities	272 699,00	272 699,00	307 068,00

Provision for pensions and similar benefits	5 576,78	5 576,78	0,00
Other provisions	94 374,05	124 374,05	60 000,00
<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>137 627,45</u>	<u>80 818,36</u>	<u>98 770,43</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	137 627,45	80 818,36	98 770,43
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
<b>TOTAL LIABILITIES</b>	<b>8 639 565,02</b>	<b>7 049 921,67</b>	<b>7 295 645,63</b>

### 6.3. Condensed profit and loss account

PROFIT AND LOSS ACCOUNT (PLN)	01.07.2021 - 30.09.2021	01.01.2021 - 30.09.2021	01.07.2020 - 30.09.2020	01.01.2020 - 30.09.2020
<b>Net revenue from sales</b>	<b>459 858,06</b>	<b>1 362 594,32</b>	<b>381 742,77</b>	<b>1 025 842,77</b>
Net revenue from sales of products	0,00	12 695,40	0,00	0,00
Change in inventory	459 858,06	1 349 899,52	381 742,77	1 025 842,77
Cost of manufacturing products for the entity's own needs	0,00	0,00	0,00	0,00
Net revenues from sales of goods and materials	0,00	0,00	0,00	0,00
<b>Operating costs</b>	<b>969 897,69</b>	<b>2 490 596,54</b>	<b>657 102,79</b>	<b>1 917 356,16</b>
Depreciation	12 745,17	40 087,76	3 910,63	18 879,26
Material and energy consumption	77 098,81	110 326,73	16 542,44	52 834,58
Third-party services	794 906,94	2 100 209,26	568 814,33	1 694 812,23
Taxes and charges	97,50	918,15	5 893,98	12 657,49
Remuneration	72 604,06	203 625,09	44 452,65	104 190,65
Social security and other benefits	6 018,11	25 878,19	6 666,53	16 251,17
Other generic costs	6 427,10	9 551,36	10 822,23	17 730,78
Value of sold goods and materials	0,00	0,00	0,00	0,00
<b>Profit (loss) on sales</b>	<b>-510 039,63</b>	<b>-1 128 001,62</b>	<b>-275 360,02</b>	<b>-891 513,39</b>
<b>Other operating revenues</b>	<b>310,22</b>	<b>312,02</b>	<b>1,65</b>	<b>9 821,68</b>

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Profit on the outflow of non-financial fixed assets	260,10	260,10	0,00	0,00
Grants	0,00	0,00	0,00	0,00
Revaluation of non-financial assets	0,00	0,00	0,00	0,00
Other operating revenues	50,12	51,92	1,65	9 821,68
<b>Other operating costs</b>	<b>7 892,96</b>	<b>21 421,45</b>	<b>1,80</b>	<b>3,98</b>
Loss on disposal of non-financial fixed assets	0,00	0,00	0,00	0,00
Revaluation of non-financial assets	0,00	0,00	0,00	0,00
Other operating costs	7 892,96	21 421,45	1,80	3,98
<b>Profit (loss) on operational activity</b>	<b>-517 622,37</b>	<b>-1 149 111,05</b>	<b>-275 360,17</b>	<b>-881 695,69</b>
<b>Financial income</b>	<b>74,39</b>	<b>232,19</b>	<b>1 174,77</b>	<b>13 419,23</b>
Dividends and profit sharing	0,00	0,00	0,00	0,00
Interest	74,39	232,19	1 174,77	13 419,23
Profit on disposal of financial assets	0,00	0,00	0,00	0,00
Revaluation of financial assets	0,00	0,00	0,00	0,00
Other	0,00	0,00	0,00	0,00
<b>Financial costs</b>	<b>580,55</b>	<b>3 801,88</b>	<b>1 323,94</b>	<b>2 175,54</b>
Interest	0,00	0,00	0,00	0,40
Loss from disposal of financial assets	0,00	0,00	0,00	0,00
Revaluation of financial assets	0,00	0,00	0,00	0,00
Other	580,55	3 801,88	1 323,94	2 175,14

<b>Gross profit (loss)</b>	<b>-518 128,53</b>	<b>-1 152 680,74</b>	<b>-275 509,34</b>	<b>-870 452,00</b>
Income tax	0,00	0,00	0,00	0,00
Other mandatory profit reductions (increases in losses)	0,00	0,00	0,00	0,00
<b>NET PROFIT (LOSS)</b>	<b>-518 128,53</b>	<b>-1 152 680,74</b>	<b>-275 509,34</b>	<b>-870 452,00</b>

#### 6.4. Condensed cash flow statement

<b>CASH FLOW STATEMENT (PLN)</b>	<b>01.07.2021 - 30.09.2021</b>	<b>01.01.2021 - 30.09.2021</b>	<b>01.07.2020 - 30.09.2020</b>	<b>01.01.2020 - 30.09.2020</b>
<b><i>Cash flows from operating activities</i></b>				
Net profit (loss)	-518 128,53	-1 152 680,74	-275 509,34	-870 452,00
<u>Total adjustments</u>	<u>-474 177,51</u>	<u>-1 457 555,44</u>	<u>-497 495,33</u>	<u>-1 143 154,53</u>
Depreciation	12 745,17	40 087,76	3 910,63	18 879,26
Profit (loss) on exchange rate differences	0,00	0,00	0,00	0,00
Interest and profit sharing (dividends)	0,00	0,00	0,00	0,00
Profit (loss) on investment activity	0,00	0,00	0,00	0,00
Change in reserves	0,00	-30 000,00	0,00	-8 800,00
Change in inventory	-459 858,06	-1 349 899,52	-381 742,77	-1 025 842,77
Change in receivables	-79 366,45	-175 848,83	-58 057,77	-29 713,96

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Change in short-term liabilities, except for loans and credit	52 301,83	56 809,09	-52 638,71	-109 683,55
Change in accruals and prepayments	0,00	1 296,06	-8 966,69	12 006,49
Other adjustments	0,00	0,00	-0,02	0,00
<b>Net cash flows from operating activities</b>	<b>-992 306,04</b>	<b>-2 610 236,18</b>	<b>-773 004,67</b>	<b>-2 013 606,53</b>
<b><i>Cash flows from financial activities</i></b>				
<u>Inflows</u>	<u>0,00</u>	<u>0,00</u>	<u>0,00</u>	<u>0,00</u>
Net proceeds from the issue of shares (issue of stocks) and other capital instruments and capital contributions	0,00	0,00	0,00	0,00
Loans and advances	0,00	0,00	0,00	0,00
Issue of debt securities	0,00	0,00	0,00	0,00
Other financial inflows	0,00	0,00	0,00	0,00
<u>Expenses</u>	<u>45 722,30</u>	<u>73 319,16</u>	<u>2 539,60</u>	<u>25 150,58</u>
Acquisition of intangible and legal assets and tangible fixed assets	45 722,30	73 319,16	2 539,60	25 150,58
Investments in real estate and in intangible and legal assets	0,00	0,00	0,00	0,00
For financial assets	0,00	0,00	0,00	0,00
Other investment expenditure	0,00	0,00	0,00	0,00
<b>Net cash flows from investment activities</b>	<b>-45 722,30</b>	<b>-73 319,16</b>	<b>-2 539,60</b>	<b>-25 150,58</b>

<b>Cash flows from financial activities</b>				
<u>Inflows</u>	<u>0,00</u>	<u>2 715 515,00</u>	<u>0,00</u>	<u>2 999 445,00</u>
Net proceeds from the issue of shares (issue of stocks) and other capital instruments and capital contributions	0,00	2 715 515,00	0,00	2 999 445,00
Loans and advances	0,00	0,00	0,00	0,00
Issue of debt securities	0,00	0,00	0,00	0,00
Other financial inflows	0,00	0,00	0,00	0,00
<u>Expenses</u>	<u>0,00</u>	<u>0,00</u>	<u>0,00</u>	<u>0,00</u>
Purchase of own shares (stocks)	0,00	0,00	0,00	0,00
Dividends and other payments to owners	0,00	0,00	0,00	0,00
Expenses on account of profit distribution, other than payments to owners	0,00	0,00	0,00	0,00
Repayment of credits and loans	0,00	0,00	0,00	0,00
Redemption of debt securities	0,00	0,00	0,00	0,00
For other financial liabilities	0,00	0,00	0,00	0,00
Payment of liabilities under financial lease agreements	0,00	0,00	0,00	0,00
Interest	0,00	0,00	0,00	0,00
Other financial expenses	0,00	0,00	0,00	0,00

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<b>Net cash flows from financial activities</b>	<b>0,00</b>	<b>2 715 515,00</b>	<b>0,00</b>	<b>2 999 445,00</b>
<b>Net cash flow tota</b>	<b>-1 038 028,34</b>	<b>31 959,66</b>	<b>-775 544,27</b>	<b>960 687,89</b>
<b>Balance sheet change in cash</b>	<b>-1 038 028,34</b>	<b>31 959,66</b>	<b>-775 544,27</b>	<b>960 687,89</b>
<b>Cash at the start of the period</b>	<b>4 757 945,39</b>	<b>3 687 957,39</b>	<b>5 119 485,61</b>	<b>3 383 253,45</b>
<b>Cash at the end of the period</b>	<b>3 719 917,05</b>	<b>3 719 917,05</b>	<b>4 343 941,34</b>	<b>4 343 941,34</b>

### 6.5. Condensed statement of changes in equity

STATEMENT OF CHANGES IN EQUITY (FUND)	01.07.2021 - 30.09.2021	01.01.2021 - 30.09.2021	01.07.2020 - 30.09.2020	01.01.2020 - 30.09.2020
<b>Opening balance of equity capital (fund) (OB)</b>	<b>8 647 416,27</b>	<b>6 566 453,48</b>	<b>7 105 316,54</b>	<b>4 700 814,20</b>
<b>Opening balance of equity capital (fund) (OB), after corrections</b>	<b>8 647 416,27</b>	<b>6 566 453,48</b>	<b>7 105 316,54</b>	<b>4 700 814,20</b>
<u>Opening balance of basic capital (fund)</u>	<u>243 879,35</u>	<u>240 240,00</u>	<u>240 240,00</u>	<u>224 509,35</u>
Changes in basic capital (fund)	0,00	3 639,35	0,00	15 730,65
Closing balance of basic capital (fund)	243 879,35	243 879,35	240 240,00	240 240,00
<u>Opening balance of supplementary capital (fund)</u>	<u>10 171 894,85</u>	<u>7 460 019,20</u>	<u>8 907 974,30</u>	<u>5 924 259,95</u>
Changes in supplementary capital (fund)	-1 133 805,72	1 578 069,93	0,00	2 983 714,35
Closing balance of supplementary capital (fund)	9 038 089,13	9 038 089,13	8 907 974,30	8 907 974,30
<u>Opening balance of revaluation capital (fund)- changes in adopted accounting principles (policies)</u>	<u>0,00</u>	<u>0,00</u>	<u>0,00</u>	<u>0,00</u>
Changes in revaluation capital (fund)	0,00	0,00	0,00	0,00
Closing balance of revaluation capital (fund)	0,00	0,00	0,00	0,00
<u>Opening balance of other reserve capitals (funds)</u>	<u>0,00</u>	<u>0,00</u>	<u>0,00</u>	<u>0,00</u>
Changes in other reserve capitals (funds)	0,00	0,00	0,00	0,00

Closing balance of other reserve capitals (funds)	0,00	0,00	0,00	0,00
<u>Profit (loss) from previous years at the beginning of the period</u>	<u>-1 133 805,72</u>	<u>-1 133 805,72</u>	<u>0,00</u>	<u>0,00</u>
Profit from previous years at the beginning of the period	0,00	0,00	0,00	0,00
Profit from previous years at the beginning of the period, after corrections	0,00	0,00	0,00	0,00
Profit from previous years at the end of the period	0,00	0,00	0,00	0,00
Loss from previous years at the beginning of the period	-1 133 805,72	-1 133 805,72	0,00	0,00
Loss from previous years at the beginning of the period, after corrections	-1 133 805,72	-1 133 805,72	0,00	0,00
Loss from previous years at the end of the period	0,00	0,00	0,00	0,00
Profit (loss) from previous years at the end of the period	0,00	0,00	0,00	0,00
Net resu	-518 128,53	-1 152 680,74	-870 452,00	-870 452,00
<b>Closing balance of equity capital (fund) (CB)</b>	<b>8 129 287,74</b>	<b>8 129 287,74</b>	<b>6 829 807,20</b>	<b>6 829 807,20</b>
<b>Equity capital (fund), after taking into account the proposed profit distribution (loss coverage)</b>	<b>8 129 287,74</b>	<b>8 129 287,74</b>	<b>6 829 807,20</b>	<b>6 829 807,20</b>

## 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 i

INVESTMENT OUTLAYS (PLN)	01.07.2021 - 30.09.2021	01.07.2020 - 30.09.2020
	PLN	PLN
INVESTMENT EXPENDITURES	45 722,30	2 539,60
Acquisition of intangible and legal assets and tangible fixed asset	45 722,30	2 539,60
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 third quarter of 2021, the value of expenditure incurred by the Company on the acquisition of intangible assets and tangible fixed assets amounted to PLN 45 722,30.

## **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 Q3 2021 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 shareholding structure of the Company as at the date of publication of this report, according to the information available to the Company:

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 Spłuszka	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%
	<b>TOTAL</b>	<b>1 875 995</b>	<b>100,00%</b>	<b>1 875 995</b>	<b>100,00%</b>

\* Management Board / \*\* Supervisory Board

## 12. Information on lock-up agreements

To the best of the Management Board knowledge, as at the date of the end of the third quarter of 2021 and as at the date of this report, the existing shareholders of the Company were mostly parties to lock-up agreements. A total of 839,819 shares in the Company (part of A series shares for which the lock-up did not expire on 19 August 2021 and all B and F series), representing 44.77% of the share capital and total number of votes at the AGM ("Lock-up Agreement"), are subject to the lock-up. The Lock-up Agreements were concluded for a period from the date of the expiry of the respective periods counted from the date of the first

listing of the Company's shares on NewConnect (i.e. 19 August 2020) or the date of the official release of the Company's first game "The Invincible". The first of the lock-ups currently in force expires at the end of 19 February 2022. (A Series). The expiry of the last lock-ups (B and F series) will be possible after the expiry of the respective deadlines following the global release of "The Invincible". Series I shares have not been subject to a lock-up agreement.

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

As at the end of the third quarter of 2021, calculated on a full-time basis within the definition of the Labour Code Act, The company employed 1 and 3/4 persons. At the same time, Starward Industries cooperates on a permanent basis with 30 persons who provide services to the Company on the basis of civil law contracts.

Prepared in Kraków on 12 November 2021.