

CD PROJEKT®

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENT OF THE CD PROJEKT GROUP
FOR THE PERIOD BETWEEN
1 JANUARY AND 31 MARCH 2021**

Disclaimer

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CD PROJEKT Group – selected financial highlights (converted into EUR)

	PLN		EUR	
	01.01.2021 - 31.03.2021	01.01.2020 - 31.03.2020	01.01.2021 - 31.03.2021	01.01.2020 - 31.03.2020
Revenues from sales of products, services, goods and materials	197 632	192 972	43 226	43 894
Cost of products, services, goods and materials sold	62 272	47 491	13 620	10 802
Operating profit (loss)	43 198	97 625	9 448	22 206
Profit (loss) before tax	37 051	100 958	8 104	22 964
Net profit (loss) attributable to equity holders of parent entity	32 487	91 979	7 105	20 922
Net cash flows from operating activities	1 068 300	187 225	233 656	42 587
Net cash flows from investment activities	(81 915)	(90 031)	(17 916)	(20 479)
Net cash flows from financial activities	1 442	(1 010)	315	(230)
Total net cash flows	987 827	96 184	216 055	21 878
Stock volume (thousands)	100 655	96 120	100 655	96 120
Net earnings per share (PLN/EUR)	0.32	0.96	0.07	0.22
Diluted net earnings per share (PLN/EUR)	0.32	0.91	0.07	0.21
Book value per share (PLN/EUR)	22.13	12.51	4.75	2.75
Diluted book value per share (PLN/EUR)	22.11	11.92	4.74	2.62
Declared or paid out dividend per share (PLN/EUR)	5	-	1.09	-

	PLN		EUR	
	31.03.2021	31.12.2020*	31.03.2021	31.12.2020*
Total assets	2 887 057	2 890 299	619 500	626 311
Liabilities and provisions for liabilities (less accrued charges)	617 090	658 401	132 414	142 672
Long-term liabilities	19 893	166 153	4 269	36 004
Short-term liabilities	639 634	540 969	137 252	117 225
Equity	2 227 530	2 183 177	477 980	473 082
Share capital	100 739	100 655	21 616	21 811

* adjusted

The above financial data has been converted into EUR under the following assumptions:

- Elements of the consolidated profit and loss account and consolidated statement of cash flows were converted into EUR by applying the arithmetic average of exchange rates for the final day of each month belonging to the reporting period, as published by the National Bank of Poland. The corresponding exchange rates were: 4.5721 PLN/EUR for the period between 1 January and 31 March 2021, and 4.3963 PLN/EUR for the period between 1 January and 31 March 2020 respectively,
- Assets and liabilities listed in the consolidated statement of financial position were converted into EUR by applying the exchange rate for the final day of the reporting period, as published by the National Bank of Poland. These exchange rates were: 4.6603 PLN/EUR on 31 March 2021 and 4.6148 PLN/EUR on 31 December 2020 respectively.

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CD PROJEKT

Primary financial data of the CD PROJEKT Group

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Condensed interim consolidated profit and loss account

	Note	01.01.2021 – 31.03.2021	01.01.2020 – 31.03.2020
Sales revenues		197 632	192 972
Revenues from sales of products	16	145 868	137 220
Revenues from sales of services	16	387	319
Revenues from sales of goods and materials	16	51 377	55 433
Cost of products, services, goods and materials sold		62 272	47 491
Cost of products and services sold	17	23 657	7 677
Cost of goods and materials sold	17	38 615	39 814
Gross profit (loss) from sales		135 360	145 481
Selling costs	17	62 077	34 557
General and administrative costs	17	30 112	11 771
Other operating revenues	18	1 789	2 090
Other operating expenses	18	1 756	3 538
(Impairment)/reversal of impairment of financial instruments		(6)	(80)
Operating profit (loss)		43 198	97 625
Financial revenues	19	10 062	3 440
Financial expenses	19	16 209	107
Profit (loss) before tax		37 051	100 958
Income tax	10	4 564	8 979
Net profit (loss)		32 487	91 979
Net profit (loss) attributable to equity holders of parent entity		32 487	91 979
Net earnings per share (in PLN)			
Basic for the reporting period		0.32	0.96
Diluted for the reporting period		0.32	0.91

The Group's aggregate **Sales revenues** in the first quarter of 2021 were 197 632 thousand PLN, which is slightly more than in the record-breaking first quarter of the past year. In 2020 the sales figures posted by the Group benefitted from lockdowns and stay-at-home restrictions introduced during that time in various countries due to the spread of the COVID-19 pandemic, increased recognition of The Witcher universe in the wake of the December 2019 premiere of The Witcher TV series, as well as revenues generated from sales of The Witcher 3: Wild Hunt for Nintendo Switch, also released in late 2019. These factors, all of which supported sales in Q1 2020, subsided throughout the year, leading to lower revenues from sales of The Witcher product family in 2021, but offset by revenues from sales of Cyberpunk 2077 - mainly digital editions of the game for PC and Xbox platforms.

The largest share of CD PROJEKT Group revenues in the reporting period came from **Revenues from sales of products**, at 145 868 thousand PLN (6.3% increase), mostly comprising:

- licensing royalties related to Cyberpunk 2077, released on 10 December 2020;
- royalties associated with ongoing sales of The Witcher 3: Wild Hunt along with its expansions - Hearts of Stone and Blood and Wine - both as standalone products and as the Game of the Year bundle;
- royalties related to digital distribution carried out in the framework of GWENT: The Witcher Card Game and Thronebreaker: The Witcher Tales;
- licensing royalties related to The Witcher 2: Assassins of Kings and The Witcher, along with royalties generated by CD PROJEKT RED franchises.

A notable contribution to aggregate revenues came from **Revenues from sales of goods and materials**, at 51 377 thousand PLN in Q1 2021 (representing a decrease by 7.3% compared to the reference period), comprising mainly the following:

- a) revenues from digital distribution of games licensed from external suppliers to end customers, carried out by the GOG.com platform (12.4% increase over the reference period);
- b) revenues obtained by CD PROJEKT S.A. in association with sales of components of physical editions of the Studio's own videogames (carrier media, boxes, etc.);
- c) revenues from sales of merchandise linked to CD PROJEKT RED franchises carried out by the CD PROJEKT RED GEAR online store.

The **Cost of products and services sold** by the Group in Q1 2021 were reported at 23 657 thousand PLN, having increased by 15 980 thousand PLN (208.2%) since the first quarter of 2020. Within this line item, both CD PROJEKT S.A. and GOG sp. z o.o. present depreciation of expenditures on development projects - mainly videogames developed in the CD PROJEKT RED segment. The reported increase compared to the reference period is mostly due to ongoing depreciation of Cyberpunk 2077.

In line with the accounting policies in force at the Group, expenditures on development projects for which reliable sales volume and budget estimates can be provided, the Group performs depreciation in step with the expected economic benefits, which depend directly on the number of copies sold.

In all other cases, depreciation is performed using the straight-line method. For projects whose development costs were subject to depreciation in Q1 2021 the following rules apply:

- 40% of Cyberpunk 2077 development expenditures was recognized as costs in the release quarter (Q4 2020), while the remaining 60% will be depreciated throughout a five-year economic use period, at 3% per quarter;
- GWENT development expenditures are depreciated using the straight-line method, throughout three years following the game's full official release (October 2018);
- Development expenditures related to Thronebreaker: The Witcher Tales (released in October 2018) and The Witcher 3: Wild Hunt for Nintendo Switch (released in October 2019) are depreciated throughout three years following their respective releases; however, in their case depreciation is based on the expected breakdown of future revenues, projected on the basis of sales data for past projects.

The **Cost of goods and materials sold**, at 38 615 thousand PLN (3% decrease) corresponds mainly to sales of goods carried out on the GOG.com platform (item (a) above), sales of physical components of videogames (item (b) above) and, to a lesser degree, sales of goods to end customers carried out via the online merch store at <https://gear.cdprojektred.com> (item (c) above).

Regarding operating expenses, in the first quarter of 2021 the main contribution was from **Selling costs**, at 62 077 thousand PLN, which increased by 27 520 thousand PLN on a q/q basis (79.6%).

Selling costs comprised mainly upkeep and maintenance of previously published products, at 30 210 thousand PLN, where - in addition to a relatively fixed level of GWENT development and maintenance expenses - CD PROJEKT RED also recognizes maintenance of Cyberpunk 2077, including intensive work on the part of the development team on patches and updates, which had no counterpart in the previous year.

The second important contribution to selling costs came from publishing activities, advertising and ongoing promotion of CD PROJEKT RED's own releases, including compensation (both fixed and dependent on result) of internal publishing departments, result-dependent compensation of management board members at the Group's member companies, as well as costs of bought-in sales support services.

In the GOG.com segment selling costs are mainly associated with marketing activities concerning the GOG.com platform, as well as further development work and processing sales on the platform.

General and administrative costs of the CD PROJEKT Group were reported at 30 112 thousand PLN in Q1 2021, having increased by 18 341 thousand PLN (155.8%) compared to the reference period.

This line item aggregates fixed and result-dependent remuneration of administrative teams, fixed remuneration of board members at the Group's member companies, as well as expenses related to the incentive program, along with other bought-in services which qualify for this category. The reported increase was due to additional recruitment and expansion of the Group's activities over the past 12 months, as well as estimation of additional entitlements assigned under the new incentive program for 2020-2025 (9 395 thousand PLN in Q1 2021 vs. 3 923 thousand PLN in the reference period) - both categories together make up approximately one half of general and administrative expenses.

In this category the CD PROJEKT RED segment also recognizes R&D costs related to preliminary (exploratory) phases of development of new games, before such project advance to the development phase, where their associated development expenditures begin to be capitalized as assets. In the first quarter of 2021 these costs reached 9 239 thousand PLN, and this figure has no counterpart in the reference period.

Regarding **Other operating revenues and expenses**, in the reporting period they comprise mainly revenues obtained by CD PROJEKT in association with leasing of office space (along with the corresponding maintenance costs) at the commercial campus located in Warsaw at Jagiellońska 74 and 76.

In Q1 2021 Group member companies obtained 10 062 thousand PLN in **Financial revenues**. The reported increase - by 192.5% compared to the reference period - is mostly due to recognition of 9 894 thousand PLN as a result of settlement and estimation of exchange rate hedges related mainly to treasury bonds denominated in foreign currencies, which CD PROJEKT S.A. had previously purchased, as well as to exchange rate risks affecting a portion of revenues resulting from the release of Cyberpunk 2077. Revenues from interest reached 168 thousand PLN - a decrease by 93.5%, mainly due to lower interest rates and a general downturn in the banking system's deposit drive

Financial costs were reported at 16 209 thousand PLN for the current period. The reported figure, as well as the 16 102 thousand PLN increase, were mainly affected by surplus negative exchange rate differences. The marked increase in negative exchange rate differences in the CD PROJEKT RED segment is mostly due to estimation of exchange rate hedges, reported as Financial revenues. Additional negative exchange rate differences resulted from settlement (in Q1 2021) of a large volume of trade receivables generated by the December 2020 release of Cyberpunk 2077.

For the period between 1 January and 31 March 2021 the Group reported a surplus of Financial expenses over Financial revenues at 6 147 thousand PLN.

The income tax recognized in the profit and loss account for the first quarter of the year was 4 564 thousand PLN. This figure resulted from recognition of 64 440 thousand PLN in current income tax, offset by a change - by 59 876 thousand PLN - in deferred taxes.

The Group's consolidated **Net profit** for the first quarter of 2021 was 32 487 thousand PLN, which is 64.7% less than for the corresponding period in 2020 (91 979 thousand PLN).

Condensed interim consolidated statement of comprehensive income

	01.01.2021 – 31.03.2021	01.03.2020 – 31.03.2020
Net profit/(loss)	32 487	91 979
Other comprehensive income which will be entered as profit (loss) following fulfillment of specific criteria	282	594
Exchange rate differences from valuation of foreign entities	98	594
Estimation of financial instruments at fair value through other comprehensive income, adjusted for tax effects	184	-
Other comprehensive income which will not be entered as profit (loss)	-	-
Total comprehensive income	32 769	92 573
Total comprehensive income attributable to minority interests	-	-
Total comprehensive income attributable to equity holders of CD PROJEKT S.A.	32 769	92 573

Condensed interim consolidated statement of financial position

	Note	31.03.2021	31.12.2020*	31.03.2020
FIXED ASSETS		904 556	759 999	727 765
Property, plant and equipment	2	108 734	105 349	105 947
Intangibles	3	59 126	59 790	59 533
Expenditures on development projects	3	388 833	406 798	435 784
Investment properties	5	49 602	48 841	46 402
Goodwill	3,4	56 438	56 438	56 438
Shares in subsidiaries excluded from consolidation		8 234	8 195	8 099
Deferrals	9	11 860	11 676	15 143
Other financial assets	8,15	150 554	51 588	-
Deferred income tax assets	10	70 836	11 003	-
Other receivables	7,15	339	321	419
WORKING ASSETS		1 982 501	2 130 300	796 947
Inventories	6	15 902	6 957	22 874
Trade receivables	7,15	52 175	1 205 603	76 658
Current income tax receivables		-	-	17 245
Other receivables	7	132 272	70 210	46 380
Deferrals	9	10 827	13 383	23 470
Other financial assets	8,15	220 090	106 444	-
Bank deposits (maturity beyond 3 months)	15	73	164 368	464 730
Cash and cash equivalents	15	1 551 162	563 335	145 590
TOTAL ASSETS		2 887 057	2 890 299	1 524 712

* adjusted

Fixed assets held by the Group at the end of Q1 2021 had a value of 904 556 thousand PLN, which represents an increase by 144 557 thousand PLN (19%) compared to 31 December 2020.

The largest contribution to this figure was from **Expenditures on development projects**, which correspond to development of new games and technologies, subject to progressive depreciation. In the first quarter of 2021 this line item decreased by 17 965 thousand PLN, mainly due to completion of work on Cyberpunk 2077 and commencement of depreciation of this game's development expenses.

The reported increase in fixed assets during the reporting period was mainly due to the following:

- increase in the balance of **Other financial assets** (by 98 966 thousand PLN) due to increased investments in treasury bonds in the CD PROJEKT RED segment;
- increase in the balance of **Deferred income tax assets** (by 59 833 thousand PLN).

Working assets held by Group member companies at the end of Q1 2021 had a value of 1 982 501 thousand PLN, having decreased by 147 799 thousand PLN (6.9%) on a q/q basis.

The reported decrease was related mainly to **Trade receivables**, which decreased by 1 153 428 thousand PLN (95.7%) in the reporting period due to collection of licensing royalties in the CD PROJEKT RED segment - mostly royalties generated by Cyberpunk 2077 in its release quarter.

The decrease in **Other receivables** at the end of March 2021 compared to the 2020 year-end figure (by 62 062 thousand PLN) resulted mainly from a greater value of withholding tax, most of which corresponds to revenues generated by the release of Cyberpunk 2077.



Other short-term financial assets comprise primarily treasury bonds purchased by CD PROJEKT S.A. in the framework of diversifying credit risk which affects its financial assets. This line item increased by 113 646 thousand PLN (106.8%) compared to the 2020 year-end value.

Altogether, the Company has invested 363 774 thousand PLN in treasury bonds (recognized as short- and long-term Other financial assets). The value of bonds held by the Company increased by 216 789 thousand PLN (147.5%) throughout the reporting period.

The aggregate value of **Cash and cash equivalents** and **Bank deposits (maturity beyond 3 months)** increased by 823 532 thousand PLN in the reporting period, reaching 1 551 235 thousand PLN on 31 March 2021. Coupled with other liquid financial assets, i.e. treasury bonds (aggregated with short- and long-term Other financial assets), as of 31 March 2021 the Group's financial reserves had a value of 1 915 009 thousand PLN - that's 1 040 321 thousand PLN more than at the end of 2020 (118.9% increase).

	Note	31.03.2021	31.12.2020*	31.03.2020*
EQUITY		2 227 530	2 183 177	1 202 221
Parent entity shareholders' equity		2 227 530	2 183 177	1 202 221
Share capital	21	100 739	100 655	96 120
Supplementary capital		775 720	774 851	777 090
Supplementary capital from sale of shares above nominal value		115 909	113 844	3 861
Other reserve capital		54 297	45 547	58 654
Exchange rate differences		1 189	1 091	1 492
Retained earnings		1 147 189	(2 959)	173 025
Net profit (loss) for the reporting period		32 487	1 150 148	91 979
Minority interest equity		-	-	-
LONG-TERM LIABILITIES		19 893	166 153	23 090
Other financial liabilities	15	15 422	16 006	17 821
Other liabilities	13	3 113	3 173	3 280
Deferred income tax liabilities	10	-	-	859
Deferred revenues	14	960	963	362
Provisions for employee benefits and similar liabilities	11	398	398	255
Other provisions	12	-	145 613	513
SHORT-TERM LIABILITIES		639 634	540 969	299 401
Other financial liabilities	15	7 988	2 933	2 352
Trade liabilities	15	133 560	115 444	50 742
Current income tax liabilities		67 750	1 742	173
Other liabilities	13	8 486	33 134	7 889
Deferred revenues	14	41 477	47 758	183 961
Provisions for employee benefits and similar liabilities	11	4	4	2
Other provisions	12	380 369	339 954	54 282
TOTAL EQUITY AND LIABILITIES		2 887 057	2 890 299	1 524 712

* adjusted

The **Equity** of the CD PROJEKT Group reached 2 227 530 thousand PLN at the end of Q1 2021, having increased by 44 353 thousand PLN since the end of 2020.

Long-term liabilities were reported at 19 893 thousand PLN, which represents a decrease by 146 260 thousand PLN compared to 31 December 2020, mainly due to reassignment (in the **Other provisions** category) of provisions for returns and adjustments to licensing reports related to sales of Cyberpunk 2077 from long-term to short-term provisions.

The balance of **Short-term provisions** at the end of the reporting period was 639 634 thousand PLN, having increased by 98 665 thousand PLN (18.2%) since the end of 2020. The main drivers behind this change came from **Current income tax liabilities** (increase by 66 008 thousand PLN) and **Other provisions** (increase by 40 415 thousand PLN), the latter of which comprises mainly provisions for returns and adjustments to licensing reports related to sales of Cyberpunk 2077 (where the reported increase is mainly due to the aforementioned reassignment from long-term to short-term provisions), along with provisions for bonuses and compensation dependent on the Group's financial result (reduction due to partial settlement).

Deferred revenues – another item booked on the side of liabilities - decreased by 6 281 thousand PLN in the reporting period. The bulk of the reported figure comes from the following: in the CD PROJEKT RED segment - advance payments received or receivable from publishers and distribution partners (so-called minimum guarantees); in both CD PROJEKT RED and GOG.com segments - deferred revenues related to subsidies.

The Group aggregate **Trade liabilities** (mainly current trade liabilities in the CD PROJEKT RED segment, and GOG.com liabilities related to licensing royalties in correspondence with sales realized in Q1 2021) increased by 18 116 thousand PLN (15.7%) in the reporting period.

Condensed interim statement of changes in consolidated equity

	Share capital	Supplementary capital	Supplementary capital from sale of shares above nominal value	Own shares	Other reserve capital	Exchange rate differences	Retained earnings	Net profit (loss) for the reporting period	Parent entity shareholders' equity	Total equity
01.01.2021 – 31.03.2021										
Equity as of 01.01.2021	100 655	774 851	113 844	-	45 547	1 091	1 151 368	-	2 187 356	2 187 356
Rectification of errors	-	-	-	-	-	-	(4 179)	-	(4 179)	(4 179)
Adjusted equity	100 655	774 851	113 844	-	45 547	1 091	1 147 189	-	2 183 177	2 183 177
Cost of incentive program	-	-	-	-	9 435	-	-	-	9 435	9 435
Payment in own shares	84	869	2 065	-	(869)	-	-	-	2 149	2 149
Total comprehensive income	-	-	-	-	184	98	-	32 487	32 769	32 769
Equity as of 31.03.2021	100 739	775 720	115 909	-	54 297	1 189	1 147 189	32 487	2 227 530	2 227 530

The Group rectified erroneous recognition of negative temporary differences corresponding to revenues from eligible intellectual property rights, requiring creation of deferred tax assets subject to 19% tax rate. As a result of this change, the Group's equity decreased by 4 179 thousand PLN.

	Share capital	Supplementary capital	Supplementary capital from sale of shares above nominal value	Own shares	Other reserve capital	Exchange rate differences	Retained earnings	Net profit (loss) for the reporting period	Parent entity shareholders' equity	Total equity
01.01.2020 – 31.12.2020*										
Equity as of 01.01.2020	96 120	777 090	3 861	-	54 657	898	173 025	-	1 105 651	1 105 651
Cost of incentive program	-	-	-	-	14 877	-	-	-	14 877	14 877
Dissolution of reserve capital created in past years and earmarked for purchase of own shares	-	549	-	-	(549)	-	-	-	-	-
Creation of reserve capital for purchase of own shares	-	(250 000)	-	-	250 000	-	-	-	-	-
Purchase of own shares in the framework of implementing the incentive program	-	214 259	-	(214 259)	(214 259)	-	-	-	(214 259)	(214 259)
Payment in own shares	4 535	(143 031)	109 983	214 259	(59 621)	-	-	-	126 125	126 125
Allocation of net profit/ coverage of losses	-	175 984	-	-	-	-	(175 984)	-	-	-
Total comprehensive income	-	-	-	-	442	193	-	1 150 148	1 150 783	1 150 783
Equity as of 31.12.2020	100 655	774 851	113 844	-	45 547	1 091	(2 959)	1 150 148	2 183 177	2 183 177

* adjusted

	Share capital	Supplementary capital	Supplementary capital from sale of shares above nominal value	Own shares	Other reserve capital	Exchange rate differences	Retained earnings	Net profit (loss) for the reporting period	Parent entity shareholders' equity	Total equity
01.01.2020 – 31.03.2020*										
Equity as of 01.01.2020	96 120	777 090	3 861	-	54 657	898	173 025	-	1 105 651	1 105 651
Cost of incentive program	-	-	-	-	3 997	-	-	-	3 997	3 997
Total comprehensive income	-	-	-	-	-	594	-	91 979	92 573	92 573
Equity as of 31.03.2020	96 120	777 090	3 861	-	58 654	1 492	173 025	91 979	1 202 221	1 202 221

* adjusted

The Group has adjusted the presentation of the settlement of its incentive program for the years 2012-2015. As a result, Supplementary capital was adjusted downward by 3 861 thousand PLN while Supplementary capital from sale of shares above nominal value was adjusted upward by the same amount.

Condensed interim consolidated statement of cash flows

	Note	01.01.2021 – 31.03.2021	01.01.2020 – 31.03.2020
OPERATING ACTIVITIES			
Net profit (loss)		32 487	91 979
Total adjustments:	29	1 029 681	94 177
Depreciation of PP&E, intangibles, expenditures on development projects and investment properties		4 490	1 906
Depreciation of expenditures on development projects recognized as cost of products and services sold		23 319	7 291
Profit (loss) from exchange rate differences		(8 975)	-
Interest and profit sharing		32	(2 488)
Profit (loss) from investment activities		12 215	(12)
Change in provisions		(81 400)	9 802
Change in inventories		(8 945)	(10 012)
Change in receivables		1 091 367	73 052
Change in liabilities excluding credits and loans		(7 824)	(12 460)
Change in other assets and liabilities		(3 968)	22 189
Other adjustments		9 370	4 909
Cash flows from operating activities		1 062 168	186 156
Income tax on pre-tax profit (loss)		4 561	8 979
Withholding tax paid abroad		3	-
Income tax (paid)/reimbursed		1 568	(7 910)
Net cash flows from operating activities		1 068 300	187 225
INVESTMENT ACTIVITIES			
Inflows		197 525	246 667
Sales of intangibles and PP&E		-	12
Closing bank deposits (maturity beyond 3 months)		164 368	244 063
Maturation of bonds		33 097	-
Other inflows from investment activities		60	2 592
Outflows		279 440	336 698
Purchases of intangibles and PP&E		7 218	5 463
Expenditures on development projects		29 126	54 300
Purchase of investment properties and activation of future costs		41	1 037
Loans granted		1 540	-
Purchase of bonds and the associated purchase fees		241 442	-
Opening bank deposits (maturity beyond 3 months)		73	275 898
Net cash flows from investment activities		(81 915)	(90 031)

	Note	01.01.2021 – 31.03.2021	01.01.2020 – 31.03.2020
FINANCIAL ACTIVITIES			
Inflows		2 159	-
Net inflows from sale and issue of shares in the exercise of rights assigned under the incentive program		2 149	-
Collection of receivables arising from financial lease agreements		10	-
Outflows		717	1 010
Payment of liabilities arising from lease agreements		673	906
Interest payments		44	104
Net cash flows from financial activities		1 442	(1 010)
Total net cash flows		987 827	96 184
Balance of changes in cash and cash equivalents		987 827	96 184
Cash and cash equivalents at beginning of period		563 335	49 406
Cash and cash equivalents at end of period		1 551 162	145 590

In the first half of 2021 the CD PROJEKT Group reported 1 068 300 thousand PLN in positive **Net cash flows from operating activities** - 881 075 thousand PLN more than in the reference period. The consolidated base net earnings, at 32 487 thousand PLN, were subject to the following adjustments:

- a) Non-cash items (aggregate decrease by 40 981 thousand PLN):
 - **Depreciation** (+4 490 thousand PLN),
 - **Development projects recognized as cost of products and services sold** (+23 319 thousand PLN), mainly depreciation of development costs related to Cyberpunk 2077, GWENT: The Witcher Card Game, Thronebreaker: The Witcher Tales and The Witcher 3: Wild Hunt - Complete Edition for Nintendo Switch,
 - **Profit (loss) from exchange rate differences** (-8 975 thousand PLN),
 - **Profit (loss) from investment activities** (+12 215 thousand PLN), mainly from estimation of exchange rate hedges associated with purchases of foreign treasury bonds,
 - **Change in provisions** (-81 400 thousand PLN), mainly due to settlement of provisions for returns and adjustments to Cyberpunk 2077 licensing reports, created in Q4 2020,
 - **Other adjustments** (+9 370 thousand PLN), where Group companies mainly recognize settlements related to the incentive program.
- b) Items related to changes in working assets and short-term liabilities (aggregate increase by 1 070 630 thousand PLN):
 - **Change in provisions** (-8 945 thousand PLN),
 - **Change in receivables** (+1 091 367 thousand PLN), primarily due to a decrease in the balance of receivables as a result of collection of licensing royalties previously reported in Q4 2020, most of which concern the release of Cyberpunk 2077,
 - **Change in liabilities excluding credits and loans** (-7 824 thousand PLN),
 - **Change in other assets and liabilities** (-3 968 thousand PLN).
- c) One line item recognized elsewhere in the cash flow statement - **Interest and profit sharing**.
- d) Difference between the value of income tax reported in the profit and loss account and income tax actually paid in the first quarter of 2021.

The most significant influence on the negative balance of **Net cash flows from investment activities** (at -81 915 thousand PLN) in Q1 2021 came from negative flows related to allocation of surplus cash to treasury bonds instead of bank deposits with maturity periods in excess of 3 months (the total balance of transactions related to purchase and maturation of t-bonds and creation and maturation of bank deposits was 44 050 thousand PLN), along with creation of new assets (recognized as **Expenditures on development projects**), at 29 126 thousand PLN, and **Purchases of intangibles and PP&E**, valued at 7 218 thousand PLN.

The CD PROJEKT Group generated 1 442 thousand PLN in positive **Net cash flows from financial activities** in Q1 2021.

The aggregate value of **Net cash flows** for the first quarter of the year was 987 827 thousand PLN, which represents a more than 10-fold increase compared to the reference period in 2020. The balance of the Company's investments in treasury bonds increased by 216 789 thousand PLN during the reporting period.



CD PROJEKT

Clarifications regarding the condensed interim consolidated financial statement

2

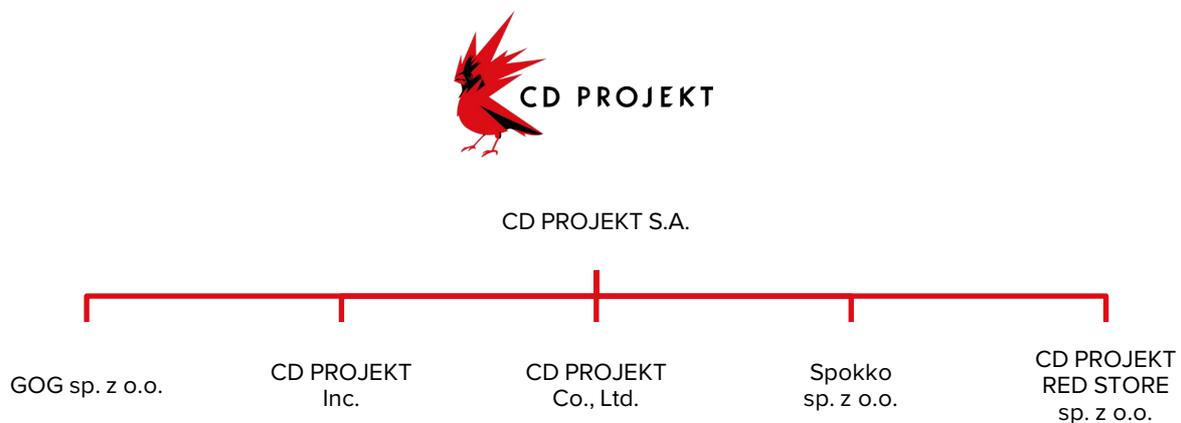


General information

Name:	CD PROJEKT S.A.
Legal status:	Joint-stock company
Headquarters:	Jagiellońska 74, 03-301 Warsaw
Country of registration:	Poland
Principal scope of activity:	CD PROJEKT S.A. is the holding company of the CD PROJEKT Group which conducts its operations in two activity segments: CD PROJEKT RED and GOG.com
Keeper of records:	District Court for the City of Warsaw in Warsaw – Poland; 14th Commercial Department of the National Court Register (Sąd Rejonowy dla m.st. Warszawy w Warszawie, XIV Wydział Gospodarczy Krajowego Rejestru Sądowego)
Statistical identification number (REGON):	492707333
Tax identification number (NIP):	7342867148
Waste disposal database (BDO) number:	000141053
Duration of the Group:	Indefinite

Structure of the Group

Affiliates



Consolidation principles

Entities subject to consolidation

	capital share	voting share	consolidation method
CD PROJEKT S.A.	parent entity	-	-
GOG sp. z o.o.	100%	100%	full
CD PROJEKT Inc.	100%	100%	full
CD PROJEKT Co., Ltd.	100%	100%	excluded from consolidation
Spokko sp. z o.o.	75%	75%	excluded from consolidation
CD PROJEKT RED STORE sp. z o.o.	100%	100%	full

In accordance with the accounting policies in force within the Group, the parent entity may elect to exclude certain subsidiaries from consolidation as long as each of these subsidiaries:

- contributes not more than 2% to the parent entity's profit and loss balance,
- contributes not more than 1% to the parent entity's aggregate sales and financial revenues.

Note that the above values are exclusive of any transactions between the subsidiary and the parent company which would have otherwise been subject to consolidation eliminations.

In addition to the above, all subsidiaries excluded from consolidation must jointly:

- contribute not more than 5% to the parent entity's profit and loss balance,
- contribute not more than 2% to the parent entity's aggregate sales and financial revenues.

The above values are also exclusive of any transactions between each subsidiary and the parent company which would have otherwise been subject to consolidation eliminations.

The above criteria are met by CD PROJEKT Co., Ltd. and Spokko sp. z o.o.

Subsidiaries

Subsidiaries are defined as all entities which fall under the Group's control. An entity is considered to fall under the Group's control if all of the following criteria are met:

- executive control, i.e. possession of the required legal title to direct the entity's significant operations (operations, which significantly affect the entity's financial standing),
- exposure to variation in the entity's financial results, or possession of the required legal title to adjust the Group's financial results in relation to the entity's own financial results,
- possession of the required administrative apparatus to affect the Group's own financial results by exercising the right to affect financial results attributable to the Group by leveraging the Group's involvement in the entity.

Subsidiaries which meet materiality criteria are subject to full consolidation from the date of acquisition of control by the Group and cease to be reported as such on the day control is lost.

Any revenues, expenses, settlements and unrealized gains on transactions between companies belonging to the Group are eliminated in full. Unrealized losses are also eliminated unless the nature of the transaction indicates impairment of any of the transferred assets. Accounting practices in use at subsidiary companies are adjusted whenever necessary to ensure compliance with accounting practices adopted by the Group.



Basis for the preparation of the condensed interim consolidated financial statement

This condensed interim consolidated financial statement is prepared in compliance with International Accounting Standard 34 (IAS 34) *Interim financial reporting*, approved for use within the EU.

The condensed interim consolidated financial statement does not contain all the information and disclosures which would otherwise be required in an annual financial statement. Accordingly, this statement should be read in conjunction with the Consolidated Financial Statement of the CD PROJEKT Group for the year ending 31 December 2020, approved for publication on 22 April 2021.

Assumption of going concern

This condensed interim consolidated financial statement is prepared under the assumption that the Group and its parent entity intend to continue as a going concern in the foreseeable future, i.e. at least throughout the 12-month period following the balance sheet date.

As of the date of signing this financial statement the Management Board of the parent entity is not aware of any facts or circumstances which would jeopardize the assumption of going concern within said 12-month period by way of intended or forced cessation or significant reduction of continuing operations.

As of the day of preparation of this consolidated financial statement covering the period between 1 January and 31 March 2021 the Management Board is not aware of any events which should have been reflected in the accounts for that period but have not been reflected therein. Additionally, no important events related to the preceding years were included in this statement.

Compliance with International Financial Reporting Standards

This condensed interim consolidated financial statement conforms to International Accounting Standard (IAS) 34, *Interim Financial Reporting*, as well as to International Financial Reporting Standards (IFRS) applicable to interim financial reporting, endorsed by the International Accounting Standard Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) and approved by the EU under the relevant Regulation on the Application of International Accounting Standards (European Council 1606/2002), hereinafter referred to as UE IFRS, valid for 31 March 2021.

The Group intends to apply amendments to IFRS which have been published but have not yet entered into force on the publication date of this condensed interim consolidated financial statement, depending on their date of entry into force. Information regarding standards and interpretations applied for the first time, early application of new standards, standards which have entered into force on or after 1 January 2021 and the effect of changes in IFRS upon the Group's future financial statements is provided in Section 2 of the Group's Consolidated Financial Statement for 2020.

Changes in standards or interpretations in force and applied by the Group, which entered into force since 1 January 2021

- Amendments to **IFRS 9**, **IAS 39**, **IFRS 7**, **IFRS 4** and **IFRS 16** - *Interest rate benchmark reform - phase 2* - applicable to reporting periods beginning on or after 1 January 2021,

In response to the expected interest rate benchmark (IBOR) reform, the International Accounting Standards Board published the second phase of amendments to **IFRS 9**, **IAS 39**, **IFRS 7**, **IFRS 4** and **IFRS 16**. These amendments concern accounting issues which arise when IBOR-based financial instruments switch over to the new rates. They introduce a range of recommendations and exemptions, including a practical expedient applicable to contractual amendments necessitated by the reform, which will be recognized by updating the effective interest rate, as well as exemptions from the requirement to discontinue hedge accounting, temporary exemption from the requirement to identify risk components, and additional disclosure obligations.

- Amendments to **IFRS 4** - *Insurance contracts*: extension of the temporary exemption from applying **IFRS 9** *Financial instruments* until 1 January 2023 when the new **IFRS 17** *Insurance contracts* is scheduled to enter into force.

These amendments do not have a significant effect on the Group's accounting policies with regard to the Group's activities or its financial results.

Published standards and interpretations which have not entered into force with respect to reporting periods beginning on 1 January 2021

In approving this financial statement the Group did not apply the following standards, amendments and interpretations which have not yet been approved for use in the EU:

- Amendments to **IFRS 1**, **IFRS 9**, **IFRS 16** and **IAS 41** introduced in the framework of *Annual Improvements to IFRS standards (2018-2020)*, containing clarifications regarding recognition and estimation related to the following: *IFRS 1 - First-time adoption of International Financial Reporting Standards*; *IFRS 9 - Financial instruments* and *IAS 41 - Agriculture*, as well as illustrative examples related to *IFRS 16 - Leases* - applicable to reporting periods beginning on or after 1 January 2022,
- Amendments to **IFRS 3** - *Business combinations - Reference to the conceptual framework* - applicable to reporting periods beginning on or after 1 January 2022,
- Amendments to **IAS 16** - *Property, plant and equipment - proceeds before intended use* - applicable to reporting periods beginning on or after 1 January 2022,
- Amendments to **IAS 37** - *Onerous contracts - costs of fulfilling a contract* - applicable to reporting periods beginning on or after 1 January 2022,
- On 31 March 2021 the International Accounting Standards Board (IASB) published an amendment to **IFRS 16** - *Leases*, which extends, by one year, the amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. In line with this “practical relief”, when the lessee obtains a rent concession related to COVID-19, he/she is not obligated to determine whether the concession constitutes a lease modification; instead, the concession is accounted for as though no modification had occurred. This amendment will be applicable to reporting periods beginning on or after 1 April 2021. The Group intends to apply it following official endorsement by the European Union. Its effect upon the Group’s consolidated financial statement is regarded as negligible.
- Amendments to **IAS 1** and *Practice Statement 2: disclosure of accounting policies* (published on 12 February 2021) - applicable to reporting periods beginning on or after 1 January 2023,
- Amendments to **IAS 1** - *Classification of liabilities as current or non-current* - applicable to reporting periods beginning on or after 1 January 2023,
- Amendments to **IAS 8** - *Accounting policies, changes in accounting estimates and errors* - applicable to reporting periods beginning on or after 1 January 2023,
- Amendments to **IAS 12** - *Income taxes: deferred tax related to assets and liabilities arising from a single transaction* - applicable to reporting periods beginning on or after 1 January 2023,
- **IFRS 14** - *Regulatory deferral accounts* (published on 30 January 2014) - according to a decision of the European Commission the endorsement process of the interim version of this standard will not be initiated until the final version has been published - not approved for publication by the EU as of the approval date of this financial statement - applicable to reporting periods beginning on or after 1 January 2016,
- Amendments to **IFRS 10** and **IAS 28** - *Sale or contribution of assets between an investor and its associate or joint venture* (published on 11 September 2014) - work on endorsing these amendments by the EU has been delayed indefinitely and the date of entry into force of the amended standard has been indefinitely postponed by the International Accounting Standards Board,
- **IFRS 17** - *Insurance contracts* - applicable to reporting periods beginning on or after 1 January 2023.

The Group is performing an assessment of the effect these new standards and amendments to standards upon the Group’s financial statement.

Functional currency and presentation currency

Functional currency and presentation currency

The functional currency and the presentation currency of the Group and its parent Company is the Polish Zloty (PLN). All figures are quoted in PLN thousands unless indicated otherwise.

Transactions and balances

Transactions denominated in foreign currencies are converted to the functional currency according to the exchange rate on the date of the transaction. Exchange rate losses and gains on settlement of transactions and on valuation of assets and liabilities denominated in foreign currencies are reported in the profit and loss statement, unless deferred in Equity capital when they constitute cash flow hedges or hedges of shares in net assets.

Comparability of financial statements and changes in accounting policies

The accounting practices applied in preparing this condensed interim consolidated financial statement, the Management Board's professional judgment concerning the Group's accounting practices as well as the main sources of uncertainty in estimations are in all material aspects consistent with the practices applied in preparing the Consolidated Financial Statement of the CD PROJEKT Group for 2020, except for changes in accounting policies and presentation-related adjustments described below. This condensed interim consolidated financial statement should be read in conjunction with the consolidated financial statement for the period ending 31 December 2020.

Changes in accounting policies

The accounting practices applied in preparing this separate financial statement, the Management Board's professional judgment concerning the Group's accounting practices as well as the main sources of uncertainty in estimations are in all material aspects consistent with the practices applied in preparing the Consolidated Financial Statement of the CD PROJEKT Group for 2020, except for changes in accounting policies, changes related to entities subject to consolidation, as listed below, and presentation-related adjustments.

Presentation changes

This condensed interim consolidated financial statement for the period between 1 January and 31 March 2021 includes changes in the presentation of certain financial data. In order to ensure comparability of financial data, adjustments were also introduced with respect to reference data for 31 March 2020 and 31 December 2020. The following adjustments were made:

- In line with the requirements of IAS 1, in the statement of financial position for 31 March 2020 the presentation of supplementary capital from sale of shares above nominal value, created in 2016 following the vesting of the incentive program, was adjusted as follows:

- Supplementary capital from sale of shares above nominal value – adjusted by 3 861 thousand PLN
- Supplementary capital – adjusted by (3 861) thousand PLN.

These changes have no effect on the Group's financial result or equity.

- The Group rectified its calculation of deferred tax assets as of 31 December 2020 by reassigning some negative temporary differences from the 19% tax rate category to the 5% tax rate category. This resulted in the following changes:

- Deferred income tax assets – adjusted by (4 179) thousand PLN
- Financial result for the current period – adjusted by (4 179) thousand PLN.

This change resulted in a decrease in equity by 4 179 thousand PLN.



Financial audit

This condensed interim consolidated financial statement with selected elements of the condensed interim separate financial statement was not subjected to an audit or review by an independent auditor.



CD PROJEKT

**Supplementary information –
CD PROJEKT Group activity
segments**

3



Activity segments

Presentation of results by activity segment

The scope of financial disclosures in relation to each of the Group's activity segments is regulated by IFRS 8. For each segment the result is based on net profit.

Description of changes in the differentiation of activity segments, or of the assessment of per-segment profit or loss compared to the most recent annual consolidated financial statement

No changes in the differentiation of activity segments, or in the assessment of per-segment profit or loss, occurred in this statement as compared to the Group's financial statement for the year ending on 31 December 2020.

There are no differences in the scope of assessment of assets, liabilities, profits and losses of all activity segments and the Group itself.

Disclosure of activity segments

	Continuing operations		Consolidation eliminations	Total (continuing operations)
	CD PROJEKT RED	GOG.com		
01.01.2021 – 31.03.2021				
Sales revenues	148 523	53 835	(4 726)	197 632
sales to external clients	143 865	53 767	-	197 632
sales between segments	4 658	68	(4 726)	-
Segment net profit (loss)	34 363	(1 883)	7	32 487

	Continuing operations		Consolidation eliminations	Total (continuing operations)
	CD PROJEKT RED	GOG.com		
01.01.2020 – 31.03.2020				
Sales revenues	147 774	48 993	(3 795)	192 972
sales to external clients	143 979	48 993	-	192 972
sales between segments	3 795	-	(3 795)	-
Segment net profit (loss)	90 048	1 921	10	91 979

Segmented consolidated profit and loss account for the period between 01.01.2021 and 31.03.2021

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
Sales revenues	148 523	53 835	(4 726)	197 632
Revenues from sales of products	142 067	2 044	1 757	145 868
Revenues from sales of services	992	68	(673)	387
Revenues from sales of goods and materials	5 464	51 723	(5 810)	51 377
Cost of products, services, goods and materials sold	27 888	38 889	(4 505)	62 272
Cost of products and services sold	22 670	1 439	(452)	23 657
Cost of goods and materials sold	5 218	37 450	(4 053)	38 615
Gross profit (loss) from sales	120 635	14 946	(221)	135 360
Selling costs	47 709	14 526	(158)	62 077
General and administrative costs	28 063	2 122	(73)	30 112
Other operating revenues	2 098	269	(578)	1 789
Other operating expenses	2 058	252	(554)	1 756
(Impairment)/reversal of impairment of financial instruments	(6)	-	-	(6)
Operating profit (loss)	44 897	(1 685)	(14)	43 198
Financial revenues	7 478	2 584	-	10 062
Financial expenses	13 167	3 064	(22)	16 209
Profit (loss) before taxation	39 208	(2 165)	8	37 051
Income tax	4 845	(282)	1	4 564
Net profit (loss)	34 363	(1 883)	7	32 487
Net profit (loss) attributable to equity holders of parent entity	34 363	(1 883)	7	32 487

Segmented consolidated profit and loss account for the period between 01.01.2020 and 31.03.2020

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
Sales revenues	147 774	48 993	(3 795)	192 972
Revenues from sales of products	133 089	2 968	1 163	137 220
Revenues from sales of services	1 354	-	(1 035)	319
Revenues from sales of goods and materials	13 331	46 025	(3 923)	55 433
Cost of products, services, goods and materials sold	17 043	33 553	(3 105)	47 491
Cost of products and services sold	6 538	1 484	(345)	7 677
Cost of goods and materials sold	10 505	32 069	(2 760)	39 814
Gross profit (loss) from sales	130 731	15 440	(690)	145 481
Selling costs	24 588	10 572	(603)	34 557
General and administrative costs	10 419	1 426	(74)	11 771
Other operating revenues	2 349	128	(387)	2 090
Other operating expenses	3 790	135	(387)	3 538
(Impairment)/reversal of impairment of financial instruments	(80)	-	-	(80)
Operating profit (loss)	94 203	3 435	(13)	97 625
Financial revenues	4 403	86	(1 049)	3 440
Financial expenses	105	1 078	(1 076)	107
Profit (loss) before taxation	98 501	2 443	14	100 958
Income tax	8 453	522	4	8 979
Net profit (loss)	90 048	1 921	10	91 979
Net profit (loss) attributable to equity holders of parent entity	90 048	1 921	10	91 979

Segmented consolidated statement of financial position as of 31.03.2021

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
FIXED ASSETS	890 580	31 320	(17 344)	904 556
Property, plant and equipment	106 292	4 131	(1 689)	108 734
Intangibles	58 952	174	-	59 126
Expenditures on development projects	368 431	20 413	(11)	388 833
Investment properties	49 602	-	-	49 602
Goodwill	56 438	-	-	56 438
Investments in subsidiaries	15 628	-	(15 628)	-
Shares in subsidiaries excluded from consolidation	8 234	-	-	8 234
Deferrals	5 258	6 602	-	11 860
Other financial assets	150 554	-	-	150 554
Deferred income tax assets	70 852	-	(16)	70 836
Other receivables	339	-	-	339
WORKING ASSETS	1 894 283	91 678	(3 460)	1 982 501
Inventories	15 902	-	-	15 902
Trade receivables	50 874	3 432	(2 131)	52 175
Other receivables	116 652	16 949	(1 329)	132 272
Deferrals	4 309	6 518	-	10 827
Other financial assets	219 286	804	-	220 090
Bank deposits (maturity beyond 3 months)	73	-	-	73
Cash and cash equivalents	1 487 187	63 975	-	1 551 162
TOTAL ASSETS	2 784 863	122 998	(20 804)	2 887 057

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
EQUITY	2 181 216	61 910	(15 596)	2 227 530
Equity attributable to shareholders of the parent entity	2 181 216	61 910	(15 596)	2 227 530
Share capital	100 739	136	(136)	100 739
Supplementary capital	739 094	42 141	(5 515)	775 720
Supplementary capital from sale of shares above nominal value	115 909	-	-	115 909
Other reserve capital	55 310	926	(1 939)	54 297
Exchange rate differences	240	(65)	1 014	1 189
Retained earnings	1 135 561	20 655	(9 027)	1 147 189
Net profit (loss) for the reporting period	34 363	(1 883)	7	32 487
Noncontrolling interest equity	-	-	-	-
LONG-TERM LIABILITIES	19 827	1 358	(1 292)	19 893
Other financial liabilities	15 422	1 287	(1 287)	15 422
Other liabilities	3 113	-	-	3 113
Deferred income tax liabilities	-	5	(5)	-
Deferred revenues	915	45	-	960
Provisions for employee benefits and similar liabilities	377	21	-	398
SHORT-TERM LIABILITIES	583 820	59 730	(3 916)	639 634
Other financial liabilities	7 939	505	(456)	7 988
Trade liabilities	97 883	37 533	(1 856)	133 560
Current income tax liabilities	67 494	256	-	67 750
Other liabilities	3 122	6 693	(1 329)	8 486
Deferred revenues	36 559	4 918	-	41 477
Provisions for retirement benefits and similar liabilities	3	1	-	4
Other provisions	370 820	9 824	(275)	380 369
TOTAL EQUITY AND LIABILITIES	2 784 863	122 998	(20 804)	2 887 057

Segmented consolidated statement of financial position as of 31.12.2020*

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
FIXED ASSETS	744 444	32 750	(17 195)	759 999
Property, plant and equipment	102 971	4 185	(1 807)	105 349
Intangibles	59 576	214	-	59 790
Expenditures on development projects	384 601	22 210	(13)	406 798
Investment properties	48 841	-	-	48 841
Goodwill	56 438	-	-	56 438
Investments in subsidiaries	15 079	-	(15 079)	-
Shares in subsidiaries excluded from consolidation	8 195	-	-	8 195
Deferrals	5 535	6 141	-	11 676
Other financial assets	51 588	-	-	51 588
Deferred income tax assets	11 299	-	(296)	11 003
Other receivables	321	-	-	321
WORKING ASSETS	2 012 477	179 990	(62 167)	2 130 300
Inventories	6 957	-	-	6 957
Trade receivables	1 255 595	10 102	(60 094)	1 205 603
Other receivables	50 135	22 148	(2 073)	70 210
Deferrals	3 478	9 905	-	13 383
Other financial assets	106 365	79	-	106 444
Bank deposits (maturity beyond 3 months)	164 368	-	-	164 368
Cash and cash equivalents	425 579	137 756	-	563 335
TOTAL ASSETS	2 756 921	212 740	(79 362)	2 890 299

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
EQUITY	2 134 987	63 245	(15 055)	2 183 177
Equity attributable to shareholders of the parent entity	2 134 987	63 245	(15 055)	2 183 177
Share capital	100 655	136	(136)	100 655
Supplementary capital	738 225	42 141	(5 515)	774 851
Supplementary capital from sale of shares above nominal value	113 844	-	-	113 844
Other reserve capital	46 560	378	(1 391)	45 547
Exchange rate differences	142	(65)	1 014	1 091
Retained earnings	6 111	-	(9 070)	(2 959)
Net profit (loss) for the reporting period	1 129 450	20 655	43	1 150 148
Noncontrolling interest equity	-	-	-	-
LONG-TERM LIABILITIES	166 079	1 764	(1 690)	166 153
Other financial liabilities	16 006	1 403	(1 403)	16 006
Other liabilities	3 173	-	-	3 173
Deferred income tax liabilities	-	287	(287)	-
Deferred revenues	910	53	-	963
Provisions for employee benefits and similar liabilities	377	21	-	398
Other provisions	145 613	-	-	145 613
SHORT-TERM LIABILITIES	455 855	147 731	(62 617)	540 969
Other financial liabilities	2 875	508	(450)	2 933
Trade liabilities	73 633	101 888	(60 077)	115 444
Current income tax liabilities	1 384	358	-	1 742
Other liabilities	4 980	30 227	(2 073)	33 134
Deferred revenues	43 611	4 147	-	47 758
Provisions for retirement benefits and similar liabilities	3	1	-	4
Other provisions	329 369	10 602	(17)	339 954
TOTAL EQUITY AND LIABILITIES	2 756 921	212 740	(79 362)	2 890 299

* *adjusted*

Segmented consolidated statement of financial position as of 31.03.2020*

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
FIXED ASSETS	701 702	45 010	(18 947)	727 765
Property, plant and equipment	103 948	4 161	(2 162)	105 947
Intangibles	59 125	408	-	59 533
Expenditures on development projects	409 084	26 719	(19)	435 784
Investment properties	46 402	-	-	46 402
Goodwill	56 438	-	-	56 438
Investments in subsidiaries	14 701	-	(14 701)	-
Shares in subsidiaries excluded from consolidation	8 099	-	-	8 099
Deferrals	3 520	11 623	-	15 143
Deferred income tax assets	-	2 065	(2 065)	-
Other receivables	385	34	-	419
WORKING ASSETS	742 897	72 515	(18 465)	796 947
Inventories	22 874	-	-	22 874
Trade receivables	70 998	7 728	(2 068)	76 658
Current income tax receivables	16 543	702	-	17 245
Other receivables	46 448	2 616	(2 684)	46 380
Deferrals	8 651	28 532	(13 713)	23 470
Bank deposits (maturity beyond 3 months)	464 730	-	-	464 730
Cash and cash equivalents	112 653	32 937	-	145 590
TOTAL ASSETS	1 444 599	117 525	(37 412)	1 524 712

	CD PROJEKT RED	GOG.com	Consolidation eliminations	Total
EQUITY	1 172 798	44 133	(14 710)	1 202 221
Equity attributable to shareholders of the parent entity	1 172 798	44 133	(14 710)	1 202 221
Share capital	96 120	136	(136)	96 120
Supplementary capital	744 462	38 143	(5 515)	777 090
Supplementary capital from sale of shares above nominal value	3 861	-	-	3 861
Other reserve capital	58 654	1 013	(1 013)	58 654
Exchange rate differences	543	(65)	1 014	1 492
Retained earnings	179 110	2 985	(9 070)	173 025
Net profit (loss) for the reporting period	90 048	1 921	10	91 979
Noncontrolling interest equity	-	-	-	-
LONG-TERM LIABILITIES	24 221	2 672	(3 803)	23 090
Other financial liabilities	17 771	1 792	(1 742)	17 821
Other liabilities	3 280	-	-	3 280
Deferred income tax liabilities	2 920	-	(2 061)	859
Deferred revenues	4	358	-	362
Provisions for employee benefits and similar liabilities	246	9	-	255
Other provisions	-	513	-	513
SHORT-TERM LIABILITIES	247 580	70 720	(18 899)	299 401
Other financial liabilities	2 320	466	(434)	2 352
Trade liabilities	16 441	36 346	(2 045)	50 742
Current income tax liabilities	173	-	-	173
Other liabilities	2 501	8 072	(2 684)	7 889
Deferred revenues	174 832	22 842	(13 713)	183 961
Provisions for retirement benefits and similar liabilities	2	-	-	2
Other provisions	51 311	2 994	(23)	54 282
TOTAL EQUITY AND LIABILITIES	1 444 599	117 525	(37 412)	1 524 712

* adjusted



Activity segments

In first quarter of 2021 the Group engaged in business activities in two segments:

- CD PROJEKT RED,
- GOG.com.

CD PROJEKT RED

Target and scope of business activity

The activity of the CD PROJEKT RED studio is carried out in the framework of CD PROJEKT S.A. (domestic holding company of the CD PROJEKT Group), CD PROJEKT Inc. (USA), CD PROJEKT Co., Ltd. (China) and CD PROJEKT RED STORE sp. z o.o. (online store).

This activity is based on two brands owned by the Company: The Witcher and Cyberpunk. It covers creation and publication of videogames, licensing the associated distribution rights, coordinating promotional activities as well as manufacturing, distributing or licensing tie-in products and merchandise which exploits the commercial appeal of brands held by the Company.

In the scope of its publishing activities the Company also assumes responsibility for its promotional and advertising campaigns, and maintains direct relations with the player base via electronic and social media channels as well as through regular participation in trade fairs.

Key products

As of the publication date of this statement, key releases in the Company's portfolio include The Witcher trilogy, i.e. The Witcher, The Witcher 2: Assassins of Kings, The Witcher 3: Wild Hunt, as well as two expansion packs: Hearts of Stone and Blood and Wine, along with Cyberpunk 2077 - the Studio's first game set in the Cyberpunk universe, which debuted on 10 December 2020.

Since 2018 the Company, in consortium with GOG sp. z o.o., has been developing GWENT: The Witcher Card Game (PC, macOS, iOS, Android), along with a single-player game - Thronebreaker: The Witcher Tales (PC, iOS, Nintendo Switch, Xbox One, PlayStation 4), built around similar gameplay mechanics.

In the latter half of 2021 CD PROJEKT RED intends to release dedicated next-gen editions of both The Witcher 3: Wild Hunt and Cyberpunk 2077. Additionally, the release of The Witcher: Monster Slayer - a location-based AR game set in The Witcher universe - is scheduled for the summer of 2021.

GOG.com

Target and scope of business activity

GOG.COM currently ranks among the world's most popular independent digital platforms for games free of cumbersome DRM¹ restrictions. The GOG.COM catalog currently comprises over 4 700 selected products from more than 600 publishers and producers of videogames, including such well-known brands as Activision Blizzard, Bethesda, Disney, Electronic Arts, Ubisoft and Warner Bros. Games are also distributed via the Company's proprietary GOG GALAXY application, geared to provide a comfortable and convenient experience for users who wish to purchase games in the GOG.COM catalogue, and enabling - among others - cross-platform gameplay.

The platform is offered in English, French, German, Russian, Chinese and Polish – this includes full game localizations as well as dedicated customer support, direct marketing activities carried out in national languages, and integration with locally popular payment channels, accepting payments in thirteen currencies. GOG.COM also carries releases for the macOS and Linux operating systems.

The Group uses GOG.COM to market its own products directly to end users - this includes Cyberpunk 2077, The Witcher, The Witcher 2: Assassins of Kings, The Witcher 3: Wild Hunt (along with its expansion packs - Hearts of Stone and Blood and Wine) as well as Thronebreaker: The Witcher Tales.

The GOG.COM team collaborates (in the framework of a consortium) with CD PROJEKT RED developers on GWENT: The Witcher Card Game and Thronebreaker: The Witcher Tales. In this scope, GOG sp. z o.o. is responsible for handling in-game purchases in the PC edition of GWENT, and for delivering the required IT infrastructure and implementing networking features in the PC, iOS and Android editions. Furthermore, owing to GOG GALAXY, in-game purchases in the PC edition of GWENT are handled by the hardware and payment processing infrastructure provided by GOG.com.

The GOG.COM team is working on further development of GOG GALAXY which will enable gamers to combine all their game shelves into a common library, as well as communicate with friends and track their progress regardless of their preferred gaming platforms. The application is currently in open beta.

¹ Digital Rights Management – a general term referring to technologies which control who can access digital content – games, music, videos or books - as well as when and in what manner.

Disclosure of the issuer's significant accomplishments and shortcomings in each activity segment in the first quarter of 2021

CD PROJEKT RED

Events related to Cyberpunk 2077

On 13 January 2021 Marcin Iwiński published an official video commentary declaring that the Studio remains committed to updating Cyberpunk 2077. The release also included development plans for 2021, including updates, patches, free DLC and the next-gen release of the game.

By the publication date of this statement the Studio had released two large updates to Cyberpunk 2077 (Patch 1.1 on 22 January and Patch 1.2 on 29 March) and three hotfixes (on 28 January, 14 April and 28 April respectively). Taken together, the updates and patches released over the past months introduced a wide range of gameplay improvements.

Cyberpunk 2077 received multiple awards in the first quarter of 2021. The game was acknowledged by gaming outlets among others for its storyline, characters, music and RPG gameplay, and was named 2020 Game of the Year by CD Action, Gry Online, IGN, Benchmark, Filmweb (PL), Gameheadquarters (US) and SECTOR (SK). Cyberpunk 2077 was also nominated for prestigious BAFTA and VES awards.

In 2021 Cyberpunk 2077 was featured on the covers of 10 January editions of magazines and newspapers, including GamePro (DE), GameStar (DE), LEVEL (CZ, TR), CD Action (PL), Komputer Świat (PL), Oyungezer (TR), The Games Machine (IT), Svet Komputjera (RS), Pelaaja (FI) and MKSH (CZ). As of the publication date of this statement, the game has been featured on 113 gaming magazine covers around the world.

Events related to The Witcher videogame series

On 28 January 2021 CD PROJEKT RED announced the availability of The Witcher 3: Wild Hunt for Nintendo Switch in two editions: as the Complete Edition (consisting of the base game, both expansions and all free DLCs) and with each component distributed separately. As a result, users of the Nintendo Switch console gained the ability to purchase the base game and its two expansions (Hearts of Stone and Blood and Wine) separately, whereas prior to that point all three items had only been available as a bundle.

On 10 February 2021 CD PROJEKT RED announced a new board game: The Witcher: Old World, developed in association with GO ON BOARD publishers. The game takes place many years before the adventures of Geralt of Rivia. Players will specialize in one of five witcher schools: School of Wolf, Viper, Cat, Bear or Griffin. The game's Polish and English editions are scheduled for release in April 2022.

On 7 May 2021 CD PROJEKT RED celebrated the 10th anniversary of The Witcher 2: Assassins of Kings, as well as the sixth year of retail availability of The Witcher 3: Wild Hunt. This double anniversary was marked with a range of social media activities targeting The Witcher fan community.

On 18 May 2021 the Company announced that Thronebreaker: The Witcher Tales would be released for Android devices on 17 June of the current year.

GWENT (developed by a consortium consisting of CD PROJEKT RED and GOG.com)

On 18 January CD PROJEKT RED presented the third season of the GWENT Master series and published an e-sports event schedule for 2021. The first GWENT Open tournament - part of the GWENT Masters series - was held on 24-25 April. For the first time, this event was co-hosted by the GameTool TV channel, which provided a live broadcast.

Many events took place in the first five months of 2021 in the context of GWENT, including two Journeys - a new progression system for the game. The fourth Journey, debuting on 9 February, featured the powerful sorceress Yennefer of Vengerberg, while the fifth season, beginning on 6 May, focused on Triss Merigold - a legendary Temerian sorceress and Geralt of Rivia's beloved companion. Two special events also took place in this period: the Valentine's Day special (14 February) and another event, held between 29 April and 4 May, where gamers could attend Ciri's and Yennefer's birthday party. Both events enabled gamers to obtain special in-game rewards, available for a limited time.

On 9 April 2021 CD PROJEKT RED announced the release of GWENT: The Witcher Card Game for macOS devices equipped with the Apple M1 chip, enabling owners of the newest Macbooks to join the global Witcher card gaming community. The macOS release supports cross-platform gameplay and synchronization with the game's PC (via GOG.COM and Steam), iOS and Android editions.

On 24 May 2021 CD PROJEKT RED announced "Price of Power" - the first GWENT expansion set comprising three separate expansions with a common storyline. The first of these, titled "Once Upon a Pyre" introduces 26 new cards, and is scheduled to launch on 8 June 2021 on all supported platforms.

GOG.com

GOG GALAXY

On 11 March GOG announced the availability of four Witcher-themed games from the GOG.COM catalog, i.e. The Witcher 2: Assassins of Kings, The Witcher 3: Wild Hunt, The Witcher Adventure Game and Thronebreaker: The Witcher Tales on Nvidia GeForce NOW, thanks to integration with GOG GALAXY. This marked another milestone in GOG.COM's collaboration with Nvidia, which began with the release of Cyberpunk 2077 in December 2021, where the GOG.COM edition of the game was made available to gamers via GeForce NOW.

Activities related to digital distribution

As of the publication date of this statement, the list of products available on GOG.COM numbers over 4 700 items. During the first five months of 2021 the catalog was expanded, among others, with the following games, hotly anticipated by the GOG.COM user community: Biomutant, Stronghold Warlords, Stubbs The Zombie, Trails of Cold Steel IV, Curse of the Dead Gods, Metro Exodus Enhanced Edition and Solasta. In addition, the following classic games were added: Commander Keen Complete Pack, Voodoo Kid, Operation Body Harvest, Corridor 7 and M.U.L.E.

Sales support

Videogame sales support activities comprise mainly adding new, attractive items to the GOG.COM catalogue and organizing seasonal sale campaigns.

The annual GOG.COM Winter Sale culminated at the beginning of 2021. This was the largest sale campaign of 2020, with over 3.5 thousand games offered at discount prices. GOG.COM sales were also supported by the Valentine's Day sale titled "We Love Games". Dedicated thematic series were offered to fans of multiplayer gaming (Play Together), classic games (Old Love Never Fades) and challenge aficionados (For the Love of Games). The largest promotional event in the first quarter of 2021 was the Spring Sale, during which gamers could snap up over 3 thousand games at discount prices, and play over 20 demos specially prepared for this occasion - free of charge.

In addition to its recurring promotional campaigns, in the first five months of 2021 GOG.COM carried out a range of marketing activities in collaboration with famous brands. In April, coincident with the 20th anniversary of the release of the Gothic cult classic, GOG.COM initiated collaboration with the German GameStar outlet, resulting in a range of media articles devoted to the Gothic series as well as the GOG.COM platform itself. Similar collaboration was initiated with ActuGaming during this year's edition of AG French Direct - an event organized to promote over 35 indie releases by French development studios.

In early May 2021, having partnered with the Razer brand, GOG.COM took part in the Polish Games Festival which promotes the Polish gaming sector abroad. The festival was part of PolandSHIOK - an event organized by the Polish Embassy in Singapore in collaboration with other Polish diplomatic facilities in the ASEAN region.

Activities related to the COVID-19 pandemic

Since 16 March 2020 the Company has been operating in the Home Office model, enabling remote work for all employees of the CD PROJEKT Group. This policy was maintained in the first quarter of 2021, with the vast majority of the team continuing to work remotely. All epidemiological safeguards introduced in 2020 were also upheld.

A detailed description of the Company's initial preparation for and mitigation of the effects of the ongoing pandemic can be found in the [Management Board report on CD PROJEKT Group and CD PROJEKT S.A. activities in 2020](#).

Other corporate events

On 21 January 2021 the Management Board of the Company announced its current policy concerning diversification of surplus current cash. The policy specifies that debt instruments held by the Company may account for not more than 50% of the Company's current financial assets, which are defined as the sum of the following: cash and near-cash, bank deposits with maturity periods longer than 3 months, Polish State Treasury bonds, other bonds guaranteed by the Polish State Treasury and bonds issued by foreign governments, estimated at the price specified in the corresponding forward contract hedges.

On 29 January 2021 the Company was notified of a civil class action lawsuit filed in the US District Court for the Central District of California by five natural persons who had purchased videogames via the Steam platform which is owned by Valve Corporation ("Valve"). The lawsuit names Valve along with other developers and publishers of videogames, including the Company and its subsidiary which forms part of the Group - CD PROJEKT Inc., as defendants. The Plaintiffs asked the court to adjudicate whether the terms of the Steam Distribution Agreement violate US competition law. On 8 April 2021 the Company announced that allegations directed against CD PROJEKT S.A. and CD PROJEKT Inc. had been withdrawn from the filing and that consequently these entities had been excluded from the ongoing lawsuit.

In February 2021 CD PROJEKT fell victim to a hacking attack targeting its servers and CD PROJEKT RED resourced residing thereon. Backups, which the Company had been creating on a regular basis, remained untouched. The Management Board decided to immediately release information related to the attack and announced that it would not negotiate with hackers. The CD PROJEKT team was informed of the risks and recommended actions in relation to the attack. The incident was also reported to the appropriate authorities - the police and the Personal Data Protection Office. The Company immediately moved to establish collaboration with



leading providers of IT security services and commissioned a set of forensic analyses. In parallel, work began on restoring the affected systems. This involved using current backups to restore data which had been encrypted by hackers, scanning all computers for malicious software and deploying new solutions to enhance IT security at the Group. These activities resulted in a short-term slowdown in the Group's activities and internal processes. The compromised resources were fully restored and the entire infrastructure brought back into operation. The Group is currently designing and implementing a new network architecture, and rolling out next-generation security services based on advanced network traffic monitoring. It also plans to carry out network penetration tests once these services are in place, and to conduct security awareness training for its employees.

On 10 March 2021 the Company announced that 84 176 newly issued Series M shares had been conditionally registered in the National Depository for Securities. This issue of stock was carried out in association with the vesting of the incentive program in force between 2016 and 2019. The shares were admitted to organized trading on 31 March 2021. As a result of the admission of Series M shares to organized trading, the Company share capital was conditionally increased by 84 176 thousand PLN, reaching 100 738 000 PLN divided into 100 738 800 shares with a nominal value of 1 PLN each.

On 30 March 2021 the Management Board published the CD PROJEKT Group Strategy Update for the coming years. Key aspects of the strategy include transformation of the CD PROJEKT RED studio and its game development methodology, leading to - in 2022 - parallel development of two AAA games. The Management Board of CD PROJEKT also announced further expansion of the Company's core IP franchises - The Witcher and Cyberpunk – among others, through projects representing new market segments, and further development of online gaming competences. Details of the Strategy Update are presented in the form of a presentation and video commentary available on the [Company website](#).

On 30 March 2021 CD PROJEKT announced that it had signed a term sheet specifying the conditions under which CD PROJEKT intends to acquire the Digital Scapes gamedev studio based in Vancouver with which it had been closely collaborating since 2018. In accordance with the term sheet, the Vancouver studio will join three existing development teams affiliated with CD PROJEKT RED - in Warsaw, Kraków and Wrocław respectively - to jointly work on future projects.

On 20 April 2021 CD PROJEKT RED launched an official outlet on the Allegro platform, where users can purchase gadgets related to the Studio's games. The CD PROJEKT RED GEAR catalog is also continually being expanded with new item categories, products and collections, offering merchandise associated to CD PROJEKT RED's games, including apparel, medallions and figurines.

On 22 April 2021 the Management Board of CD PROJEKT S.A. submitted a recommendation to the General Meeting concerning allocation of the net profit obtained by CD PROJEKT S.A. in 2020, in the amount of 1 132 234 728.22 PLN. The Board recommends that 503 694 000.00 PLN be divided among shareholders in the form of a dividend (at 5 PLN per share), with the remaining 628 540 728.22 PLN reassigned to the Company's reserve capital. The Supervisory Board subsequently endorsed this recommendation, which proposes a record date of 1 June and a payment date of 8 June 2021.

The General Meeting (GM) held on 25 May 2021 voted to approve statements and reports prepared by the Company's managerial bodies, grant discharge to members of the Management Board and Supervisory Board on account of the performance of their duties during the previous financial year, and pay out a dividend, at 5 PLN per share, financed from the Company's net profit in 2020. The General Meeting also approved an amendment to the Articles of CD PROJEKT S.A. systematizing the list of activities in which the Company engages, and approved a change in the remuneration of Supervisory Board members. Given the expiration of the Supervisory Board's term of office, the GM appointed Ms. Katarzyna Szwarz, Mr. Michał Bień, Mr. Piotr Pałowski, Mr. Maciej Nielubowicz and Mr. Łukasz Wejchert to the Supervisory Board for the next term. All materials related to the General Meeting, including the wording of all adopted resolutions, can be found at www.cdprojekt.com.

Disclosure of factors which may affect the Group's future results

Future financial results achieved by the CD PROJEKT Group will critically depend on the implementation of the Group's [Strategy Update](#), announced on 30 March 2021. One of its core aspect - referred to as RED 2.0 - involves transformation of the studio and its AAA game development philosophy and methodology. In this scope, the Group announced a shift to agile development practices, empowering the CTO and changing the way the Studio communicates with gamers. RED 2.0 also entails greater focus on providing the team with a comfortable and secure work environment, supporting personal and professional development. The long-term goal of this process is to ensure retention and career development of creators and specialists affiliated with the Company, and to attract new experts - both Polish and foreign - to work on the Group's projects. The latter goal may be realized through M&A activities.

In addition to transformation of the CD PROJEKT RED studio, the Group's updated strategy envisions further development of its core franchises to cover new market segments. Further growth of the Group will also strongly depend on developing competences in the online gaming segment and with respect to technological skills.

Effective implementation of core aspects of the Group's updated strategy, which aims to streamline the process of developing AAA games at the CD PROJEKT RED studio and – ultimately – shorten the gaps between successive large-scale releases, may positively affect the Group's earnings in future years. Successful projects representing new (from the Group's perspective) media types and formats, whether carried out solely by the Group or in collaboration with external entities, may improve the reach, recognizability and market potential of the Company's IP and – in the long run – improve the Group's earnings.

Similar to other entities which conduct business activities on the domestic and international markets, the financial results of CD PROJEKT Group companies may be affected by a range of external factors outside of the Group's control, including changes in micro- and macroeconomic conditions, legal reforms and taxation regulations as well as actions of other providers of digital entertainment which compete with the Group. Significant risk factors specific to the Group's activities, identified by the Management Board, which may negatively affect the Group's financial standing, are described in the risk assessment section of the [Management Board report on CD PROJEKT Group and CD PROJEKT S.A. activities in 2020](#).



With regard to the coming quarters of 2021, the CD PROJEKT Group intends to develop its activities in parallel in two key segments: CD PROJEKT RED and GOG.COM, while also pursuing new initiatives in the framework of its subsidiaries - Spokko and CD PROJEKT RED STORE.

CD PROJEKT RED

Key factors which will guide activities in the CD PROJEKT RED segment include ongoing projects, the scale of development work associated with those projects and their popularity among gamers. In this context, the most significant factors shaping the current results of the CD PROJEKT Group include the popularity of previously published games, as well as - in future periods - the course of development work and market reception of the Company's future releases.

In the coming quarters and years, the financial results of the CD PROJEKT RED segment will significantly depend on the sales volume of games set in the Cyberpunk and The Witcher universes.

Sales of Cyberpunk 2077 in the coming months will depend on the Company's production and marketing activities, and the general sentiment surrounding the game. Gamer interest may be affected, among others, by effective technical support in the form of successive updates and patches, the return of Cyberpunk 2077 to PlayStation Store and the release of free DLC content previously announced for 2021. Sales volume will also depend on a successful release of the dedicated next-gen edition of Cyberpunk 2077, scheduled for the second half of 2021.

The Group's development in further quarters of 2021 will also depend on maintaining strong sales characteristics of The Witcher trilogy. The potential success of the release of The Witcher: Monster Slayer – a location-based AR role-playing game announced for summer 2021 – may drive interest in other games featuring Geralt of Rivia, and consequently improve their sales. Similarly, a successful premiere of the second season of The Witcher series on Netflix may result in increased recognition of The Witcher universe. Another important factor affecting the Group's future results is the release of the dedicated next-gen edition of The Witcher 3: Wild Hunt, also expected in the second half of 2021.

GWENT: The Witcher Card Game is the first multiplayer game developed by the CD PROJEKT Group in which CD PROJEKT and GOG collaborate to jointly create new technological solutions while extending their knowledge and experience in terms of provisioning online products. These technologies and know-how are strategically important for the Group and its future development and publishing capabilities, particularly in the context of equipping the Group's future releases with online gameplay elements.

The Group believes that maintaining the observed growth dynamics and expansion of the CD PROJEKT RED segment will depend on further enhancement of its world-class videogame development skillset and on maintaining effective communication channels with the global gaming community. Managing two separate major franchises (The Witcher and Cyberpunk), along with several independent development teams, enables the Company to conduct parallel work on several projects and smoothens its long-term release schedule. This migration towards a dual franchise model supported by several independent product lines also permits optimization of manufacturing and financial activities, mitigates important risk factors and makes it easier for Company employees to seek professional fulfillment.

GOG.com

In the GOG.COM segment, maintaining the current high sales volume should be supported by the customers' increasing tendency to turn to online channels for purchases.

GOG.COM growth also depends on seeking additional brand-new products. Accordingly, GOG sp. z o.o. actively communicates with leading global developers and publishers of videogames, continually expanding its list of business partners and products offered. Each new release on GOG.COM contributes to the platform's popularity and drives up sales. In addition to adding new products GOG sp. z o.o. also seeks to expand its user base by attracting new players – those who have not yet set up a GOG.COM account. The Company has been successful in this regard, owing to its PR activities and synergies resulting from cooperation with CD PROJEKT RED. The GOG.COM customer pool continues to grow at a steady pace. Expanding the reach of services operated by GOG.com may strongly depend on the community reception of GOG GALAXY. Conceptually, this newest edition of GOG's proprietary technology aims to provide convenient access to games purchased by customers regardless of platform, as well as facilitate social interaction. GOG GALAXY is currently in open beta.

Further growth of activities in the GOG.com segment, including the potential to acquire unique know-how and experience, and to fully leverage the Company's technological expertise, will be influenced by the Company's involvement in the GWENT project, where GOG.COM is responsible for networking and online sales.

Effect of the COVID-19 pandemic on sales in the reporting period

The significant y/y increase in sales revenues reported by the CD PROJEKT Group in the first quarter of 2020 resulted from a combination of factors, some of which were beyond the Group's control. In that period the Group's results were affected, among others, by the lockdowns and free travel restrictions introduced in many countries due to the COVID-19 pandemic, premiere of The Witcher TV series as well as successful release of The Witcher 3: Wild Hunt for Nintendo Switch - although it would be difficult to estimate the relative effect of each of these factors upon sales.

The importance of the above factors - all of which bolstered sales in Q1 2020 - decreased throughout the remainder of 2020 and in the first quarter of 2021.

A description of the effect of COVID-19 on the CD PROJEKT Group's sales and on short- and long-term risks faced by the Group can be found in the [Management Board report on CD PROJEKT Group and CD PROJEKT S.A. activities in 2020](#).



Disclosure of seasonal or cyclical activities

CD PROJEKT RED

The revenues and financial result of the CD PROJEKT RED segment are strongly affected by the videogame release schedule. CD PROJEKT RED usually takes between 2 and 5 years to produce a game. Initial development work occurs before the previous game in the series is complete and ready to be released.

CD PROJEKT RED also engages in smaller-scale projects – such as add-ons for its own games or adapting existing products to work on new gaming platforms. Such projects may be carried out directly by the Company or by its external partners, and their implementation may take several months (up to around a year).

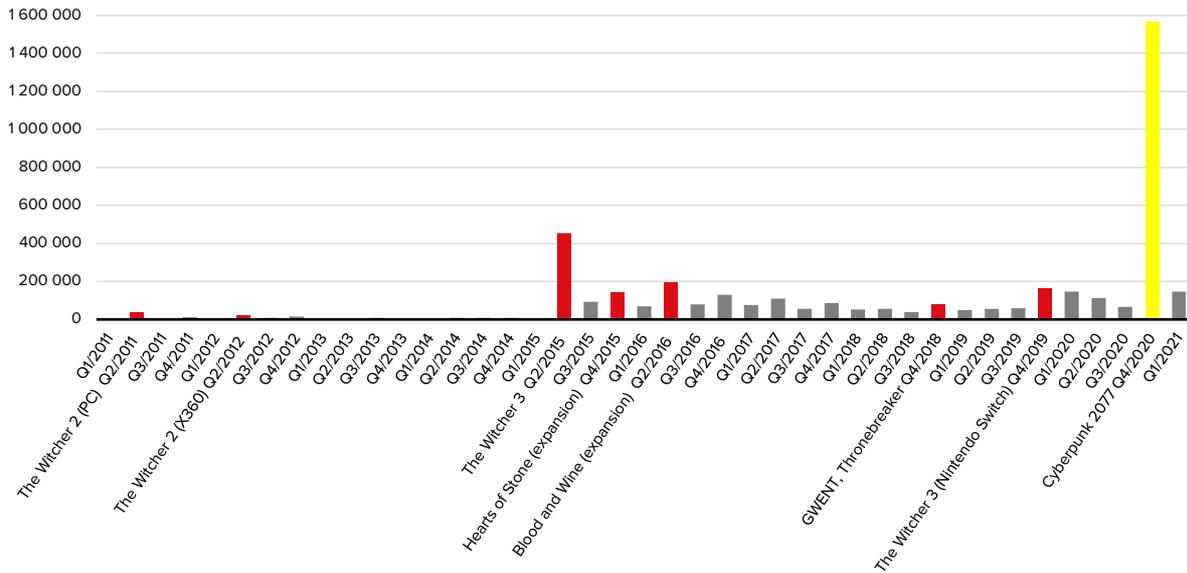
With regard to games which have already been released, their yearly sales distribution is dependent on the schedule of periodic sale campaigns. In most cases, strong sales are reported in the second and fourth quarter, while the first and the third (vacation) quarter see weaker sales.

GWENT: The Witcher Card Game, currently operated by the Company, is developed in the game-as-a-service model where revenues depend on the service's popularity and the appeal of new content released within the game.

In addition to gamedev-related activities the Company also develops its franchises in other market segments, aiming to continually broaden its client community and explore new media types and platforms.



Chart 1 Effect of new releases on PROJEKT RED quarterly revenues from sales of products, goods and materials, 2011-2021 (PLN thousands)



GOG.com

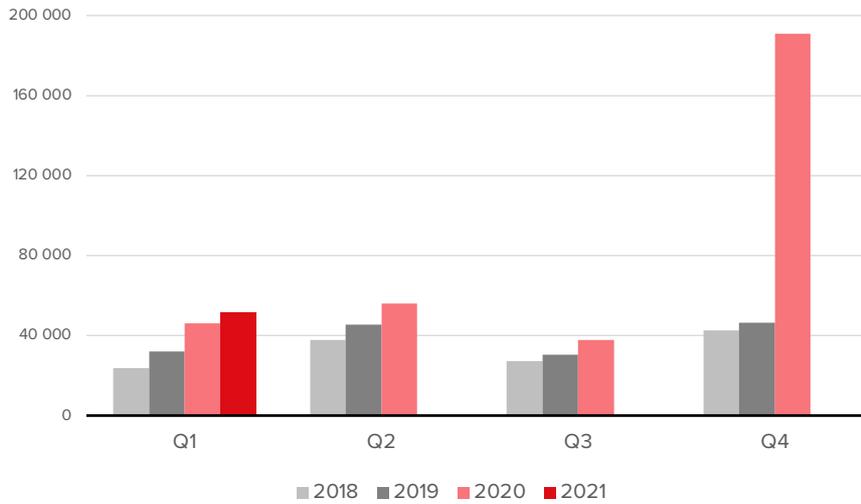
The digital videogame distribution market, which is the main area of activity of GOG.COM, is characterized by seasonal fluctuations in revenues. On an annual basis, the highest revenues are typically obtained in the fourth quarter while the lowest revenues correspond to the third quarter. Sales in Q2 and Q4 are boosted by promotional activities organized in these periods.

The sales volume is also strongly dependent on the timing of new releases in each reporting period.

GOG.COM also obtains revenues from microtransactions carried out within GWENT: The Witcher Card Game. The volume of such revenues depends, among others, on the game’s popularity and on new content released to gamers during each period.



Chart 2 Quarterly revenues from sales of goods and materials at GOG.com; 2018-2021 (PLN thousands)



Disclosure of key clients

The CD PROJEKT Group collaborates with external clients whose share in revenues may exceed 10% of the consolidated sales revenues of the Group.

Within the CD PROJEKT RED segment the activities of CD PROJEKT S.A. carried out in collaboration with one external client throughout Q1 2021 generated revenues which exceeded 10% of the consolidated sales revenues of the CD PROJEKT Group - specifically, 82 073 thousand PLN, which corresponds to 41.5% of the Group's consolidated sales revenues for this period.

The abovementioned client is not affiliated with CD PROJEKT S.A. or any of its subsidiaries. In other activity segments no single client accounted for more than 10% of the consolidated sales revenues of the Group.



CD PROJEKT

**Supplementary information –
additional notes and clarifications
regarding the condensed interim
consolidated financial statement**

4



Note 1. Disclosure of circumstances affecting assets, liabilities, equity, net financial result and cash flows which are unusual due to their type, size or effect

Significant events

The release of Cyberpunk 2077, which took place on 10 December 2020, was the pivotal event of the past year for the CD PROJEKT Group, strongly affecting not only its 2020 earnings, but also elements of the condensed interim consolidated financial statement for the first quarter of 2021, as explained below.

Most royalties associated with December sales in the CD PROJEKT RED segment recognized in the consolidated financial statement of the CD PROJEKT Group for 2020, including royalties generated by sales of Cyberpunk 2077, were reported by distributors, invoiced to the parent Company and subsequently paid in the first quarter of 2021. This had an effect on the following items:

- The breakdown of **Working assets**: reduction in **Trade receivables** in the first quarter of 2021 from 1 205 603 thousand PLN to 52 175 thousand PLN, coupled with an increase in the aggregate balance of **Cash assets, bank deposits and treasury bonds** (purchased by the Company as a means of allocation of surplus cash) from 874 688 thousand PLN to 1 915 009 thousand PLN,
- Positive **Net cash flows from operating activities** reported in Q1 2021 (with a total value of 1 068 300 thousand PLN),
- Current and deferred tax base.

Regarding current-period expenditures, the wrap-up of development of Cyberpunk 2077 and the resulting shift to the servicing phase, along with the change in the structure of development teams related to preliminary R&D work, had the following effect:

- Completion of the development phase of Cyberpunk 2077 and reallocation of a large portion of the development team to work on the game's updates resulted in a strong increase in product servicing costs recognized as **Selling costs** during the current period (30 210 thousand PLN in aggregate servicing costs),
- There was also an uptick in developers' involvement in new, future projects. Given the relatively preliminary (exploratory) nature of this work, the associated expenses (including external costs) were aggregated with **General and administrative expenses** during the current period (9 239 thousand PLN in total). This was offset by a significant q/q decrease in **Expenditures on development projects** related to projects in which R&D work is currently being carried out.

Note 2. Property, plant and equipment

Changes in PP&E (by category) between 01.01.2021 and 31.03.2021

	Land holdings	Buildings and structures	Civil engineering objects	Machinery and equipment	Vehicles	Other fixed assets	Fixed assets under construction	Total
Gross carrying amount as of 01.01.2021	35 986	67 795	1 834	39 741	2 961	3 145	1 671	153 133
Increases from:	-	4 094	-	3 247	14	238	3 569	11 162
purchase	-	19	-	3 229	-	40	3 569	6 857
lease agreements concluded	-	55	-	-	-	-	-	55
reassignment from PP&E under construction	-	3 808	-	4	-	198	-	4 010
other	-	212	-	14	14	-	-	240
Reductions from:	-	-	-	847	-	-	4 010	4 857
sale	-	-	-	45	-	-	-	45
disposal	-	-	-	802	-	-	-	802
reassignment from PP&E under construction	-	-	-	-	-	-	4 010	4 010
Gross carrying amount as of 31.03.2021	35 986	71 889	1 834	42 141	2 975	3 383	1 230	159 438
Depreciation as of 01.01.2021	588	14 311	275	28 876	1 710	2 024	-	47 784
Increases from:	142	1 558	79	1 698	130	132	-	3 739
depreciation	142	1 432	79	1 688	125	132	-	3 598
other	-	126	-	10	5	-	-	141
Reductions from:	-	-	-	819	-	-	-	819
sale	-	-	-	37	-	-	-	37
disposal	-	-	-	782	-	-	-	782
Depreciation as of 31.03.2021	730	15 869	354	29 755	1 840	2 156	-	50 704
Impairment allowances as of 01.01.2021	-	-	-	-	-	-	-	-
Impairment allowances as of 31.03.2021	-	-	-	-	-	-	-	-
Net carrying amount as of 01.01.2021	35 398	53 484	1 559	10 865	1 251	1 121	1 671	105 349
Net carrying amount as of 31.03.2021	35 256	56 020	1 480	12 386	1 135	1 227	1 230	108 734

Contractual commitments for future acquisition of PP&E

	31.03.2021	31.12.2020	31.03.2020
Leasing of passenger cars	195	195	310
Total	195	195	310

Usufruct of PP&E held under lease agreements

	31.03.2021		
	Gross value	Depreciation	Net value
Land holdings	14 540	311	14 229
Immovable properties	7 861	4 671	3 190
Civil engineering objects	94	12	82
Vehicles	1 042	279	763
Total	23 537	5 273	18 264

	31.12.2020		
	Gross value	Depreciation	Net value
Land holdings	14 540	260	14 280
Immovable properties	7 635	3 962	3 673
Civil engineering objects	94	-	94
Vehicles	1 029	214	815
Total	23 298	4 436	18 862

	31.03.2020		
	Gross value	Depreciation	Net value
Land holdings	14 540	106	14 434
Immovable properties	7 594	2 853	4 741
Vehicles	1 601	217	1 384
Total	23 735	3 176	20 559

Note 3. Intangibles and expenditures on development projects

Changes in intangibles and expenditures on development projects between 01.01.2021 and 31.03.2021

	Development projects in progress	Development projects completed	Trademarks	Patents and licenses	Copyrights	Computer software	Goodwill	Intangible assets under construction	Total
Gross carrying amount as of 01.01.2021*	28 887	841 608	33 199	2 154	18 331	32 296	56 438	1 158	1 014 071
Increases from:	5 712	-	-	5	-	201	-	159	6 077
purchases	-	-	-	5	-	201	-	159	365
own creation	5 712	-	-	-	-	-	-	-	5 712
Reductions from:	-	-	-	24	-	57	-	-	81
disposal	-	-	-	24	-	57	-	-	81
Gross carrying amount as of 31.03.2021	34 599	841 608	33 199	2 135	18 331	32 440	56 438	1 317	1 020 067
Depreciation as of 01.01.2021	-	463 697	-	1 626	48	25 674	-	-	491 045
Increases from:	-	23 677	-	127	31	867	-	-	24 702
depreciation	-	23 677	-	127	31	867	-	-	24 702
Reductions from:	-	-	-	24	-	53	-	-	77
disposal	-	-	-	24	-	53	-	-	77
Depreciation as of 31.03.2021	-	487 374	-	1 729	79	26 488	-	-	515 670
Impairment allowances as of 01.01.2021	-	-	-	-	-	-	-	-	-
Impairment allowances as of 31.03.2021	-	-	-	-	-	-	-	-	-
Net carrying amount as of 01.01.2021	28 887	377 911	33 199	528	18 283	6 622	56 438	1 158	523 026
Net carrying amount as of 31.03.2021	34 599	354 234	33 199	406	18 252	5 952	56 438	1 317	504 397

* adjusted

Contractual commitments for future acquisition of intangible assets

None reported.

Note 4. Goodwill

No changes in goodwill occurred between 1 January and 31 March 2021.

Note 5. Investment properties

The parent Company is the owner of the immovable property complex located at Jagiellońska 74 and 76 in Warsaw. As the Group leases portions of these properties to other entities, including other member companies of the CD PROJEKT Group, it has decided to partly report them as investment properties. The remaining portion of the properties is used by the Group for its own purposes.

Properties purchased by the Group are estimated at purchase cost less depreciation.

**Changes in the value of investment properties between 01.01.2021 and 31.03.2021**

Gross balance sheet value as of 01.01.2021	50 650
Increases from:	1 257
activation of future costs	1 257
Reductions from:	56
disposal	56
Gross balance sheet value as of 31.03.2021	51 851
Depreciation as of 01.01.2021	1 809
Increases from:	445
depreciation	445
Reductions from:	5
disposal	5
Depreciation as of 31.03.2021	2 249
Impairment allowances as of 01.01.2021	-
Increases	-
Reductions	-
Impairment allowances as of 31.03.2021	-
Net balance sheet value as of 31.03.2021	49 602

Contractual commitments for acquisition of investment properties

None reported.

**Note 6. Inventories**

	31.03.2021	31.12.2020	31.03.2020
Goods	15 803	6 875	22 681
Other materials	99	82	193
Gross inventories	15 902	6 957	22 874
Inventory impairment allowances	-	-	-
Net inventories	15 902	6 957	22 874

Changes in inventory impairment allowances

None reported.

Note 7. Trade and other receivables

	31.03.2021	31.12.2020	31.03.2020
Gross trade and other receivables	185 650	1 276 992	124 298
Impairment allowances	864	858	841
Trade and other receivables	184 786	1 276 134	123 457
from affiliates	126	88	42
from external entities	184 660	1 276 046	123 415

Changes in impairment allowances on receivables

	Trade receivables	Other receivables	Total
OTHER ENTITIES			
Impairment allowances as of 01.01.2021	126	732	858
Increases from:	6	-	6
creation of allowances for past-due and contested receivables	6	-	6
Reductions	-	-	-
Impairment allowances as of 31.03.2021	132	732	864

Current and overdue trade receivables as of 31.03.2021

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
AFFILIATES							
gross receivables	118	118	-	-	-	-	-
non-fulfillment ratio		0%	0%	0%	0%	0%	0%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-
impairment allowances as individually assessed	-	-	-	-	-	-	-
total expected credit loss	-	-	-	-	-	-	-
Net receivables	118	118	-	-	-	-	-

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
OTHER ENTITIES							
gross receivables	52 189	50 853	1 028	72	58	40	138
non-fulfillment ratio		0%	0%	0%	0%	0%	0%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-
impairment allowances as individually assessed	132	-	-	-	-	-	132
total expected credit loss	132	-	-	-	-	-	132
Net receivables	52 057	50 853	1 028	72	58	40	6

Total							
gross receivables	52 307	50 971	1 028	72	58	40	138
impairment allowances	132	-	-	-	-	-	132
Net receivables	52 175	50 971	1 028	72	58	40	6

**Other receivables**

	31.03.2021	31.12.2020	31.03.2020*
Other gross receivables, including:	133 343	71 263	47 531
tax returns except corporate income tax	96 519	36 342	25 894
advance payments associated with expenditures on development projects	24 303	24 353	13 869
advance payments for supplies	10 415	4 643	4 643
deposits	636	619	753
provisions for sales revenues - advances	352	119	-
prepayments associated with purchases of PP&E and intangibles	120	38	688
prepayments associated with licensing royalties	86	86	487
prepayments associated with purchases of investment properties	60	70	407
employee compensation settlements	33	26	32
Settlements with board members at the Group's member companies	8	7	4
settlements with operators of payment processing platforms	-	4 173	-
other	79	55	22
Impairment allowances	732	732	732
Total other gross receivables	132 611	70 531	46 799
short-term	132 272	70 210	46 380
long-term	339	321	419

* adjusted

Note 8. Other financial assets

	31.03.2021	31.12.2020	31.03.2020
Loans granted	6 067	4 520	-
Bonds	363 774	146 985	-
Derivative financial instruments	803	6 527	-
Other financial assets, including:	370 644	158 032	-
short-term assets	220 090	106 444	-
long-term assets	150 554	51 588	-



Note 9. Deferrals

	31.03.2021	31.12.2020	31.03.2020
Minimum guarantees and advance payments at GOG.com	11 889	14 630	25 085
Software, licenses	4 739	4 183	2 157
Expenses associated with future marketing activities	1 840	1 861	1 956
Repairs and refurbishment	1 611	1 651	-
Fees associated with right of first refusal	1 458	1 484	1 564
IT security	525	653	220
Non-life insurance	207	289	174
Business travel (airfare, accommodation, insurance)	3	7	57
Marketing campaigns	1	54	5 953
Transaction fees	-	-	749
Access to marketing platforms	-	-	181
Fees related to perpetual usufruct of land	-	-	128
Participation in fairs	-	-	3
Other prepaid expenses	414	247	386
Total prepaid expenses	22 687	25 059	38 613
short-term	10 827	13 383	23 470
long-term	11 860	11 676	15 143

Note 10. Deferred income tax

Negative temporary differences requiring recognition of deferred tax assets

	31.12.2020*	Differences affecting deferred tax aggregated with financial result	Differences affecting deferred tax aggregated with other comprehensive income	31.03.2021
Provisions for other employee benefits	402	-	-	402
Provisions for compensation dependent on financial result	199 817	(1 471)	-	198 346
Tax loss	227 028	2 618	-	229 646
Negative exchange rate differences	24 259	(12 960)	-	11 299
Difference between balance sheet value and tax value of expenditures on development projects	3 045	383	-	3 428
Employee compensation and social security expenses payable in future reporting periods	25	14	-	39
Deferred revenues associated with adding funds to virtual wallets and participation in the additional benefits programs	2 820	573	-	3 393
Other provisions	221 280	(49 933)	-	171 347
R&D tax relief	309 826	-	-	309 826
Advances recognized as taxable income	4 036	(2 343)	-	1 693
Estimation of forward contracts	-	4 980	-	4 980
Other sources	-	110	-	110
Total negative temporary differences	992 538	(58 029)	-	934 509
subject to 5% tax rate	647 194	(67 513)	-	579 681
subject to 19% tax rate	345 344	9 484	-	354 828
Deferred tax assets	97 976	(1 574)	-	96 402

* adjusted

Positive temporary differences requiring recognition of deferred tax liabilities

	31.12.2020*	Differences affecting deferred tax aggregated with financial result	Differences affecting deferred tax aggregated with other comprehensive income	31.03.2021
Difference between balance sheet value and tax value of PP&E and intangibles	13 314	281	-	13 595
Income in the current period invoiced in the following period	1 200 377	(1 151 474)	-	48 903
Positive exchange rate differences	22 117	(4 658)	-	17 459
Estimation of bonds	610	458	(227)	841
Estimation of forward contracts	6 914	(6 110)	-	804
Difference between balance sheet value and tax value of expenditures on development projects	305 339	(15 653)	-	289 686
Other sources	136	(40)	-	96
Total positive temporary differences	1 548 807	(1 177 196)	(227)	371 384
subject to 5% tax rate	1 480 720	(1 159 314)	-	321 406
subject to 19% tax rate	68 087	(17 882)	(227)	49 978
Deferred tax liabilities	86 973	(61 364)	(43)	25 566

* adjusted

Deferred income tax was estimated in part by applying the standard corporate income tax rate of 19% (applicable to revenues from other sources) and in part by applying the preferential rate of 5% (applicable to eligible IP-related revenues under the IP BOX tax relief regulation). In determining the correct rate to apply to temporary differences, the Group relied on projections regarding the tax base to which each temporary difference is likely to apply.

Net balance of deferred tax assets/liabilities

	31.03.2021	31.12.2020*	31.03.2020
Deferred tax assets	96 402	97 976	8 151
Deferred tax liabilities	25 566	86 973	9 010
Net deferred tax assets/(liabilities)	70 836	11 003	(859)

* adjusted

Income tax reported in profit/loss account

	01.01.2021 – 31.03.2021	01.01.2020 – 31.03.2020
Current income tax, including:	64 440	11 055
withholding tax paid abroad	3	-
Changes in deferred income tax	(59 876)	(2 076)
Income tax reported in profit/loss account	4 564	8 979

Note 11. Provisions for employee benefits and similar liabilities

	31.03.2021	31.12.2020	31.03.2020
Provisions for retirement benefits and pensions	402	402	257
Total, including:	402	402	257
short-term provisions	4	4	2
long-term provisions	398	398	255

No changes in provisions for employee benefits and similar liabilities occurred between 1 January and 31 March 2021.

Note 12. Other provisions

	31.03.2021	31.12.2020	31.03.2020
Provisions for returns	130 508	194 537	-
Provisions for liabilities, including:	249 861	291 030	54 795
provisions for financial statement audit and review expenses	28	73	75
provisions for bought-in services	788	740	386
provisions for compensation contingent upon the Group's financial result, and other compensation	238 589	256 130	53 800
provisions for other expenses	10 456	34 087	534
Total, including:	380 369	485 567	54 795
short-term provisions	380 369	339 954	54 282
long-term provisions	-	145 613	513

Change in other provisions

	Provisions for returns	Provisions for compensation contingent upon the Group's financial result	Other provisions	Total
As of 01.01.2021	194 537	256 130	34 900	485 567
Provisions created during the financial year	260	8 040	2 040	10 340
Provisions consumed	64 289	25 413	25 422	115 124
Provisions dissolved	-	168	246	414
As of 31.03.2021, including:	130 508	238 589	11 272	380 369
short-term provisions	130 508	238 589	11 272	380 369
long-term provisions	-	-	-	-

Note 13. Other liabilities

	31.03.2021	31.12.2020	31.03.2020
Liabilities from other taxes, duties, social security payments and others, except corporation tax	7 867	32 789	7 291
VAT	4 952	27 790	5 021
Flat-rate withholding tax	38	982	97
Personal income tax	922	2 370	742
Social security (ZUS) payments	1 889	1 557	1 385
National Disabled Persons Rehabilitation Fund (PFRON) payments	47	45	36
PIT-8AR settlements	19	45	10
Other liabilities	3 732	3 518	3 878
Liabilities associated with right of first refusal and future marketing costs	3 040	3 100	3 280
Other employee-related liabilities	38	15	9
Other liabilities payable to management board members at Group member companies	2	1	-
Settlements with shareholders related to capital contributions	2	-	-
Other liabilities, incl. Internal Social Benefits Fund (ZFŚS)	650	402	409
Advance payments received from foreign clients	-	-	180
Total other liabilities	11 599	36 307	11 169
short-term liabilities	8 486	33 134	7 889
long-term liabilities	3 113	3 173	3 280

Note 14. Deferred revenues

	31.03.2021	31.12.2020	31.03.2020
Subsidies	14 851	14 867	14 239
Future period revenues	24 126	30 985	167 606
GOG Wallet	3 425	2 847	2 456
Official phone rental and other services	35	22	22
Total, including:	42 437	48 721	184 323
short-term deferrals	41 477	47 758	183 961
long-term deferrals	960	963	362

Note 15. Disclosure of financial instruments

Fair value of financial instruments per class

Following an analysis of each class of financial instruments held by the Group, the Management Boards has determined that their carrying amounts in all cases reflect their corresponding fair value as of 31 March 2021, 31 December 2020 and 31 March 2020 respectively.

	31.03.2021	31.12.2020	31.03.2020
LEVEL 1			
Assets estimated at fair value			
Financial assets estimated at fair value through other comprehensive income	213 220	97 397	-
foreign government bonds – CHF	16 644	32 023	-
foreign government bonds – EUR	25 311	20 829	-
foreign government bonds – USD	171 265	44 545	-
LEVEL 2			
Assets estimated at fair value through financial result			
Derivative instruments:	803	6 527	-
forward currency contracts – CHF	-	1 231	-
forward currency contracts – EUR	66	(202)	-
forward currency contracts – USD	737	5 498	-
Liabilities estimated at fair value through financial result			
Derivative instruments:	4 980	-	-
forward currency contracts – CHF	(1 758)	-	-
forward currency contracts – EUR	624	-	-
forward currency contracts – USD	6 114	-	-

Financial assets estimated at fair value are classified according to a three-tier fair value hierarchy:

Level 1 – quoted prices in active markets for identical assets or liabilities.

Level 2 – fair value estimated on the basis of observable market inputs.

Level 3 – fair value estimated on the basis of unobservable market inputs.

Financial assets – classification and estimation

	31.03.2021	31.12.2020	31.03.2020
Financial assets estimated at amortized cost	1 760 370	1 987 735	687 397
Other long-term receivables	339	321	419
Trade receivables	52 175	1 205 603	76 658
Cash and cash equivalents	1 551 162	563 335	145 590
Bank deposits (maturity beyond 3 months)	73	164 368	464 730
State Treasury bonds	150 554	49 588	-
Loans granted	6 067	4 520	-
Financial assets estimated at fair value through other comprehensive income	213 220	97 397	-
Foreign government bonds	213 220	97 397	-
Financial assets estimated at fair value through financial result	803	6 527	-
Derivative financial instruments	803	6 527	-
Total financial assets	1 974 393	2 091 659	687 397

Financial liabilities – classification and estimation

	31.03.2021	31.12.2020	31.03.2020
Financial liabilities estimated at amortized cost	151 990	134 383	70 915
Trade liabilities	133 560	115 444	50 742
Other financial liabilities	18 430	18 939	20 173
Financial liabilities estimated at fair value through financial result	4 980	-	-
Derivative financial instruments	4 980	-	-
Total financial liabilities	156 970	134 383	70 915

Note 16. Sales revenues

Sales revenues by territory*

	01.01.2021 – 31.03.2021		01.01.2020 – 31.03.2020	
	PLN	%	PLN	%
Domestic sales	6 826	3.45%	6 713	3.48%
Exports, including:	190 806	96.55%	186 259	96.52%
Europe	34 726	17.57%	53 661	27.81%
North America	135 803	68.71%	103 117	53.43%
South America	648	0.33%	1 037	0.54%
Asia	17 687	8.95%	25 217	13.07%
Australia	1 811	0.92%	3 045	1.58%
Africa	131	0.07%	182	0.09%
Total	197 632	100%	192 972	100%

* These figures refer to the countries of residence of clients of Group member companies. For CD PROJEKT S.A. this means distributors, whereas in the scope of retail sales carried out by GOG sp. z o.o., CD PROJEKT RED STORE sp. z o.o. and CD PROJEKT Inc. - final customers.

Sales revenues by product type

	01.01.2021 – 31.03.2021	01.01.2020 – 31.03.2020
Own products	145 868	137 220
External products	51 377	55 433
Other revenues	387	319
Total	197 632	192 972

Sales revenues by distribution channel

	01.01.2021 – 31.03.2021	01.01.2020 – 31.03.2020
Videogames – box editions	10 112	28 827
Videogames – digital editions	181 728	159 703
Other revenues	5 792	4 442
Total	197 632	192 972

Note 17. Operating expenses

	01.01.2021 – 31.03.2021	01.01.2020 – 31.03.2020
Depreciation of PP&E, intangibles, expenditures on development projects and investment properties, including:	4 490	1 906
depreciation of leased buildings	609	280
depreciation of leased vehicles	60	60
Consumption of materials and energy	1 016	490
Bought-in services, including:	37 112	15 820
short-term leases and leases of low-value assets	207	145
Taxes and fees	245	179
Employee compensation, social security and other benefits	48 768	27 462
Business travel	20	310
Use of company cars	44	42
Cost of goods and materials sold	38 615	39 814
Cost of products and services sold	23 657	7 677
Other expenses	494	119
Total	154 461	93 819
Selling costs	62 077	34 557
General and administrative costs	30 112	11 771
Cost of products, services, goods and materials sold	62 272	47 491
Total	154 461	93 819

Note 18. Other operating revenues and expenses

Other operating revenues

	01.01.2021 – 31.03.2021	01.01.2020 – 31.03.2020*
Revenues from lease contracts	1 487	1 453
Reinvoicing revenues	267	253
Subsidies	17	42
Other sales	10	12
PP&E and goods received free of charge	-	252
Compensation for damages received	-	54
Profit from sale of PP&E	-	12
Other miscellaneous operating revenues	8	12
Total operating revenues	1 789	2 090

* adjusted

Other operating expenses

	01.01.2021 – 31.03.2021	01.01.2020 – 31.03.2020
Own cost of leases	892	824
Depreciation of investment properties	435	323
Reinvoicing expenses	271	253
Liquidation of investment properties	51	-
Help Me Refund – refunds	36	-
Disposal (destruction) of materials and goods	33	-
Disposal of PP&E and intangibles	23	-
Losses from sale of fixed assets	8	-
Nonculpable shortfalls in working assets	7	-
Donations	-	2 093
Unrecoverable withholding tax	-	22
Own cost of other sales	-	3
Other miscellaneous expenses	-	20
Total other operating expenses	1 756	3 538

Note 19. Financial revenues and expenses

Financial revenues

	01.01.2021 – 31.03.2021	01.01.2020 – 31.03.2020
Revenues from interest	168	2 592
on short-term bank deposits	40	2 592
on bonds	101	-
on loans granted	27	-
Other financial revenues	9 894	848
settlement and estimation of derivative financial instruments	9 894	-
surplus positive exchange rate differences	-	848
Total financial revenues	10 062	3 440

Financial expenses

	01.01.2021 – 31.03.2021	01.01.2020 – 31.03.2020
Interest payments	203	107
on bonds	156	-
on lease agreements	44	104
on budget commitments	3	3
Other financial expenses	16 006	-
surplus negative exchange rate differences	15 302	-
losses from maturation of bonds	628	-
bond purchase fees	76	-
Total financial expenses	16 209	107
Net balance of financial activities	(6 147)	3 333

Note 20. Short-term lease agreements and lease of low-value assets

The Group has entered into agreements concerning leasing of office equipment (multipurpose photocopiers, kitchen equipment) as well as apartments which potentially meet the criteria of lease agreements under IFRS 16. However, the Group regards these agreements as either short-term or concerning low-value assets and, consequently, does not apply the new standard to these agreements in line with the practical expedient specified in Art. 5 of the new standard. In such cases lease payments are reported as costs during the period in which they are incurred, using either the straight-line method or another method which best reflects the breakdown of payments throughout the duration of the agreement (information regarding costs related to such agreements, incurred between 1 January and 31 March 2021, can be found in Note 17).

As of 31 March 2021, 31 December 2020 and 31 March 2020 future payments associated with irrevocable short-term lease agreements and lease agreements concerning low-value assets are as follows:

	31.03.2021	31.12.2020	31.03.2020
Due within 1 year	327	179	437
Due between 1 and 5 years	151	170	180
Due after 5 years	-	-	-
Total	478	349	617

Note 21. Issue, buyback and redemption of debt and capital securities

Issue of debt securities

Not applicable.

Issue of capital securities

	31.03.2021	31.12.2020	31.03.2020
Stock volume (thousands)	100 739	100 655	96 120
Nominal value per share (PLN)	1	1	1
Share capital	100 739	100 655	96 120

Note 22. Dividends declared or paid out and collected

No dividends were paid out or collected by the Group's member companies between 1 January and 31 March 2021.

On 25 May 2021 the Ordinary General Meeting of the parent Company voted to pay out a dividend in the amount of 503 694 000.00 PLN, i.e. at 5 PLN per parent Company share.



Note 23. Transactions with affiliates

Conditions governing transactions with affiliates

Intragroup transactions are conducted at market prices on the basis of the so-called *arm's length principle*. The principle stipulates that transactions between affiliated entities should be carried out under conditions similar to those which would otherwise apply to transactions carried out by unaffiliated entities.

The prices of goods and services exchanged in controlled transactions are estimated by CD PROJEKT Group member companies in accordance with OECD guidelines and national legislation, including the so-called *safe harbor* regulations. Transfer method selection is preceded by a thorough analysis of each transaction, which includes, among others, the assignment of responsibilities to each party, the assets involved and the corresponding allocation of risks and costs. In each case, the method regarded as most appropriate for the given transaction type is applied so that transactions between member companies of the CD PROJEKT Group are carried out under conditions approximating those which unaffiliated entities could be expected to agree upon.

Transactions with affiliates following consolidation eliminations

	Sales to affiliates		Purchases from affiliates	
	01.01.2021 – 31.03.2021	01.01.2020 – 31.03.2020	01.01.2021 – 31.03.2021	01.01.2020 – 31.03.2020
SUBSIDIARIES				
CD PROJEKT Co., Ltd.	-	-	939	805
Spokko sp. z o.o.	141	67	-	-
MANAGEMENT BOARD MEMBERS AT GROUP MEMBER COMPANIES				
Marcin Iwiński	10	2	-	-
Adam Kiciński	1	1	-	-
Piotr Nielubowicz	2	2	-	-
Michał Nowakowski	6	3	-	-
Adam Badowski	-	2	-	-

	Receivables from affiliates			Liabilities due to affiliates		
	31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.12.2020	31.03.2020
SUBSIDIARIES						
CD PROJEKT Co., Ltd.	-	-	-	311	557	289
Spokko sp. z o.o.	6 185	4 601	38	-	-	-
MANAGEMENT BOARD MEMBERS AT GROUP MEMBER COMPANIES						
Marcin Iwiński	5	5	1	1	-	-
Piotr Nielubowicz	-	2	-	-	-	-
Michał Nowakowski	3	-	-	1	1	-
Adam Badowski	-	-	3	-	-	-



Note 24. Bad loans and credits, and breaches of loan and credit agreements not subject to remedial proceedings as of the balance sheet date

Not applicable.

Note 25. Changes in conditional liabilities and assets since the close of the most recent financial year

Conditional liabilities from sureties and collateral pledged

	Type of agreement	Currency	31.03.2021	31.12.2020	31.03.2020
mBank S.A.					
Declaration of submission to enforcement	Collateral for debit card agreement	PLN	920	920	920
Promissory note agreement	Collateral for framework concerning financial market transactions	PLN	50 000	50 000	7 710
Promissory note agreement	Collateral for lease agreement	PLN	667	667	667
Ingenico Group S.A. (formerly Global Collect Services BV)					
Contract of guarantee	Guarantee of discharge of liabilities by GOG sp. z o.o.	EUR	155	155	155
Mazovian Unit for Implementation of EU Programs (Mazowiecka Jednostka Wdrażania Programów Unijnych)					
Contractual pledge	Pledge to cover maintenance and renovation expenses related to leased space	PLN	113	115	1 980
National Center for Research and Development (Narodowe Centrum Badań i Rozwoju)					
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0105/16	PLN	7 934	7 934	7 934
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0110/16	PLN	5 114	5 114	5 114
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0112/16	PLN	3 857	3 857	3 857
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0118/16	PLN	5 324	5 324	5 324
Promissory note agreement	Co-financing agreement no. POIR.01.02.00-00-0120/16	PLN	1 204	1 204	1 204

Santander Leasing S.A. (formerly BZ WBK Leasing S.A.)

Promissory note agreement	Lease agreement no. CR1/01390/2018	PLN	-	-	153
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Santander Bank Polska S.A. (formerly BZ WBK S.A.)

Promissory note agreement	Framework agreement concerning financial market transactions	PLN	13 000	13 000	6 500
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BNP Paribas

Promissory note agreement	Framework agreement concerning financial market transactions	PLN	75 000	75 000	-
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Polska Kasa Opieki S.A.

Promissory note agreement	Framework agreement concerning financial market transactions	PLN	20 000	20 000	-
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Note 26. Changes in the structure of the Group and its member entities occurring during the reporting period

No changes in the structure of the Group and its constituent entities occurred in the reporting period.

Note 27. Agreements which may, in the future, result in changes in the proportion of shares held by shareholders and bondholders

On 24 May 2016 the General Meeting of Shareholders of the parent Company voted to institute an incentive program which remained in force between 2016 and 2019.

Following positive verification of the attainment of the program's goals, which took place in 2020, 5 167 500 exercisable entitlements existed. In the course of exercising these entitlements the Company sold to entitled parties a total of 516 700 shares which had previously been bought back on the open market. The remaining entitlements vested by issuing to entitled parties a total of 4 650 800 subscription warrants. The entitled parties subsequently exercised 4 618 800 from the 4 650 800 subscription warrants assigned thereto, each entitling its holder to claim a single share of the Company issued in the framework of a conditional increase of the Company share capital.

As of the publication date of this statement, there remain 32 000 outstanding Series B subscription warrants, entitling holders to claim the corresponding number of Series M shares. These warrants will expire on 31 December 2022.

Based on the resolutions adopted by the General Meetings on 28 July 2020 and 22 September 2020, the Company introduced another (third) edition of its incentive program, covering the years 2020-2025. As stipulated by the relevant resolutions, a total of 4 000 000 entitlements may be conditionally assigned under the program. The program may vest either by issue and assignment of subscription warrants enabling entitled parties to claim shares of the parent Company (issued separately as a conditional increase of the Company share capital) or by presenting the entitled parties with an offer to purchase shares which the Company will have previously bought back on the open market under a dedicated buy-back program. In either case, assignment and exercise of subscription warrants or purchase from the Company of its own shares will be conditioned upon meeting the goals and criteria of the incentive program. The program provides result goals (80% of entitlements), market goals (20% of entitlements), along with certain individual goals (in selected cases) as well as – in all cases – a loyalty criterion which must be met up until attainment of goals and vesting of the program is confirmed. As of the publication date of this financial statement a total of 2 449 000 entitlements have been granted under the 2020-2025 incentive program.

Note 28. Fiscal settlements

Fiscal settlements and other areas of activity governed by legal regulations (such as import duties or currency exchange) may be subject to audits by administrative bodies authorized to impose high penalties and sanctions. The lack of entrenched legal regulations in Poland leads to numerous ambiguities and inconsistencies in this regard. Interpretation of existing tax law frequently varies from state organ to state organ as well as between state organs and business entities, giving rise to areas of uncertainty and conflict. These conditions elevate tax risks in Poland beyond the level encountered in states with more developed fiscal systems.

As a rule, fiscal settlements may be subject to state audits within five years following the end of the calendar year in which tax payment was due.

IP Box preference

Given that the Company meets the requirements expressed in Art. 19 of the Act of 30 May 2008 on certain forms of supporting innovative activity (JL 2021 item 706), on 10 September 2020, the Minister for Entrepreneurship and Technology issued decision no. DNP-V.4241.18.2020, upholding the previous decision no. 4/CBR/18 of 19 June 2018 which bestowed upon the Company the status of an R&D center. This status entitles the Company to apply broader R&D tax relief options specified in the Corporate Income Tax Act of 15 February 1992 (JL 2020, item 1406, as amended).

On 1 January 2019, the Corporate Income Tax Act was amended with regulations which enable taxpayers to apply a preferential tax rate of 5% to eligible income derived from intellectual property rights. Having fulfilled the conditions and formal stipulations expressed in the aforementioned legislation, the Company is able to apply the preferential rate to certain sources of its income.

Note 29. Clarifications regarding the condensed interim consolidated cash flow statement

	01.01.2021 – 31.03.2021	01.01.2020 – 31.03.2020
Cash and cash equivalents reported in cash flow statement	1 551 162	145 590
Cash on balance sheet	1 551 162	145 590
Depreciation	4 490	1 906
Depreciation of intangibles	825	461
Depreciation of expenditures on development projects	414	347
Depreciation of PP&E	3 241	1 071
Depreciation of investment properties	10	27
Profit (loss) from exchange rate differences results from:	(8 975)	-
Exchange rate differences on estimation of bonds	(8 975)	-
Interest and share in profits consist of:	32	(2 488)
Interest on bank deposits	(40)	(2 592)
Interest on bonds	55	-
Interest accrued on loans granted	(27)	-
Interest on lease agreements	44	104
Profit (loss) from investment activities results from:	12 215	(12)
Revenues from sale of PP&E	-	(12)
Net value of PP&E sold	8	-
Net value of PP&E liquidated	19	-
Net value of intangibles liquidated	4	-
Net value of investment properties liquidated	51	-
Settlement and estimation of derivative instruments	11 429	-
Bond purchase fee	76	-
Revenues from maturation of bonds	(33 098)	-
Value of bonds held to maturity	33 726	-
Changes in provisions result from:	(81 400)	9 802
Balance of changes in provisions for liabilities	(105 198)	15 609
Provisions for compensation contingent upon the Group's financial result aggregated with expenses on development projects	23 798	(5 807)
Changes in inventory status result from:	(8 945)	(10 012)
Balance of changes in inventory status	(8 945)	(10 012)
Changes in receivables result from:	1 091 367	73 052
Balance of changes in short-term receivables	1 091 366	70 009
Balance of changes in long-term receivables	(18)	(353)
Income tax set against withholding tax	-	8
Withholding tax paid abroad	(3)	-
Current income tax adjustments	-	(3 112)
Changes in advance payments related to expenditures on development projects	(50)	5 782
Changes in advance payments related to purchase of PP&E and intangibles	82	311
Changes in advance payments related to investment properties	(10)	407

	01.01.2021 – 31.03.2021	01.01.2020 – 31.03.2020
Changes in short-term liabilities except financial liabilities result from:	(7 824)	(12 460)
Balance of changes in short-term liabilities	64 531	(12 104)
Current income tax adjustments	(66 008)	(55)
Changes in financial liabilities	(5 055)	(198)
Adjustments for changes in liabilities due to purchase of PP&E	(17)	148
Adjustments for changes in liabilities due to purchase of intangibles	(69)	891
Adjustment for liabilities related to purchase of investment properties	(1 206)	(1 162)
Adjustment for liabilities booked on the other side as deferrals	-	20
Changes in other assets and liabilities result from:	(3 968)	22 189
Balance of changes in prepaid expenses	2 372	(327)
Balance of changes in deferred revenues	(6 284)	22 595
Adjustment for prepaid expenses booked on the other side as liabilities	(60)	(80)
Adjustment for depreciation aggregated with deferrals	4	-
Other changes	-	1
Other adjustments include:	9 370	4 909
Cost of incentive program	9 395	3 923
Estimation of derivative financial instruments	(726)	-
Depreciation aggregated with cost of products, services, goods and materials sold, consortium settlements and other operating expenses	601	394
Exchange rate differences	100	592

Note 30. Cash flows and other changes resulting from financial activities

	01.01.2021	Cash flows	Non-cash changes				31.03.2021
			Acquisition of PP&E under lease agreements	Exchange rate differences	Accrued interest	Assignment of own shares	
Lease liabilities	18 939	(707)	-	154	44	-	18 430
Receivables from entitled parties in the framework of the incentive program	-	2 149	-	-	-	(2 149)	-
Total	18 939	1 442	-	154	44	(2 149)	18 430

	01.01.2020	Cash flows	Non-cash changes				31.03.2020
			Acquisition of PP&E under lease agreements	Exchange rate differences	Accrued interest	Assignment of own shares	
Lease liabilities	19 905	(1 010)	946	228	104	-	20 173
Total	19 905	(1 010)	946	228	104	-	20 173



Note 31. Events following the balance sheet date

On 8 April 2021, in accordance with a filing made by the plaintiff in the course of proceedings concerning potential violations of US antitrust laws by allegedly acceding to “Most Favored Nations” clauses in distribution agreements concluded by Valve Corporation, the allegations directed against CD PROJEKT S.A. and CD PROJEKT Inc. were withdrawn, and, consequently, these entities were excluded from the ongoing lawsuit.

On 18 May 2021 the Management Board of the parent Company announced that it had received information from the law firm which represents the Company in class action lawsuits filed in the USA by holders of US securities (ADR), to the effect that the US court had consolidated these lawsuits and named a lead plaintiff. Following this consolidation, all four lawsuits will be subject to common potential court proceedings.

On 25 May 2021 the Ordinary General Meeting of the Company voted to pay out a dividend in the amount of 503 694 000.00 PLN, i.e. at 5 PLN per Company share. The dividend record day was set to 1 June 2021, while payment will occur on 8 June 2021. A total of 100 738 800 parent Company shares are eligible to receive the dividend.

In line with its agenda, the General Meeting also appointed members of the Supervisory Board of the parent Company to a new four-year term of office. In addition to reappointment of incumbent members of the Supervisory Board, Mr. Krzysztof Kilian, who had previously tendered his resignation, was replaced by a new member - Mr. Łukasz Wejchert.

On the same day the Supervisory Board reappointed all incumbent members of the Management Board of the parent Company to a new four-year term of office.



CD PROJEKT

Supplementary information

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Legal proceedings

No important legal, arbitration or administrative proceedings involving the parent Company or its subsidiaries were initiated in the reporting period. Except for changes described in the section titled “Events following the balance sheet date” elsewhere in this statement, no important changes occurred with regard to other litigation disclosed in the [Management Board report on CD PROJEKT Group and CD PROJEKT S.A. activities in 2020](#).

Shareholding structure

Shareholders who control, directly or through subsidiaries, at least 5% of the total number of votes at the General Meeting of Shareholders of the parent entity as of the publication date of this quarterly statement

	Qty. of votes at the GM	% share in total number of votes at the GM
Marcin Iwiński	12 873 520	12.78%
Michał Kiciński ¹	10 433 719	10.36%
Piotr Nielubowicz	6 858 717	6.81%
Other shareholders	70 572 844	70.06%

¹ As disclosed in Current Report no. 33/2021 of 26 May 2021

The percentage share in the share capital of the parent entity held by the above shareholders is consistent with their respective percentage share in the total number of votes at the General Meeting.

Changes in shareholding structure of the parent entity

On 31 March 2021 a total of 84 176 newly issued Series M shares were deposited in securities accounts and admitted to trading on the Warsaw Stock Exchange, pursuant to a decision issued by Giełda Papierów Wartościowych w Warszawie S.A. On the day the aforementioned shares of the parent Company, assigned to shareholders in the course of a conditional increase in the Company share capital, were deposited in their respective securities accounts, the share Capital of the parent company was effectively increased by 84 176 thousand PLN. Following this increase, the total share capital of the parent Company amounts to 100 738 800 PLN, divided into 100 738 800 shares with a nominal value of 1 PLN per share. The total number of votes afforded by all outstanding shares of the Company at the General Meeting is 100 738 800.

On 26 May 2021 the parent Company was notified by one of its shareholders, Mr. Michał Kiciński, that his share in the total number of votes at the General Meeting had exceeded 10%. In line with the notification, following purchases of parent Company stock on the regulated market of the Warsaw Stock Exchange, Mr. Michał Kiciński held 10 433 719 shares on the notification day, representing 10.36% of the total number of votes.



Company shares held by members of the Management Board and Supervisory Board

Changes in number of shares held by members of the Management Board and the Supervisory Board

Name	Position	As of 01.01.2021	As of 31.03.2021	As of 31.05.2021
Adam Kiciński	President of the Board	4 046 001	4 046 001	4 046 001
Marcin Iwiński	Vice President of the Board	12 873 520	12 873 520	12 873 520
Piotr Nielubowicz	Vice President of the Board	6 858 717	6 858 717	6 858 717
Adam Badowski	Board Member	692 640	692 640	692 640
Michał Nowakowski	Board Member	580 290	580 290	580 290
Piotr Karwowski	Board Member	108 728	108 728	108 728
Katarzyna Szwarz	Chairwoman of the Supervisory Board	10	10	10
Maciej Nielubowicz	Supervisory Board Member	51	51	51

Validation of published projections

The Group had not published any projections referring to the reporting period.



CD PROJEKT

**Condensed interim separate financial
statement of CD PROJEKT S.A.**

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Condensed interim separate profit and loss account

	Note	01.01.2021 – 31.03.2021	01.01.2020 – 31.03.2020
Sales revenues		146 298	145 550
Revenues from sales of products		142 067	133 088
Revenues from sales of services		342	542
Revenues from sales of goods and materials		3 889	11 920
Cost of products, services, goods and materials sold		25 804	15 718
Cost of products and services sold		22 169	6 240
Value of goods and materials sold		3 635	9 478
Gross profit (loss) from sales		120 494	129 832
Selling costs		48 167	24 849
General and administrative costs		26 893	9 306
Other operating revenues		2 149	2 366
Other operating expenses		2 098	3 806
(Impairment)/reversal of impairment of financial instruments		(6)	(80)
Operating profit (loss)		45 479	94 157
Financial revenues		7 491	4 468
Financial expenses		13 146	73
Profit (loss) before tax		39 824	98 552
Income tax	A	4 896	8 415
Net profit (loss)		34 928	90 137
Net earnings per share (in PLN)			
Basic for the reporting period		0.35	0.94
Diluted for the reporting period		0.35	0.89



Condensed interim separate statement of comprehensive income

	01.01.2021 – 31.03.2021	01.01.2020 – 31.03.2020
Net profit (loss)	34 928	90 137
Other comprehensive income which will be entered as profit (loss) following fulfillment of specific criteria	184	-
Estimation of financial instruments at fair value through other comprehensive income, adjusted for tax effects	184	-
Other comprehensive income which will not be entered as profit (loss)	-	-
Total comprehensive income	35 112	90 137

Condensed interim separate statement of financial position

	Note	31.03.2021	31.12.2020*	31.03.2020*
FIXED ASSETS		883 475	738 694	695 950
Property, plant and equipment		104 462	101 050	101 072
Intangibles		59 548	60 125	60 065
Expenditures on development projects		368 454	384 625	409 125
Investment properties		49 602	48 841	46 402
Goodwill	B	49 168	49 168	49 168
Investments in subsidiaries		25 334	24 567	23 944
Deferrals		5 258	5 535	3 520
Other financial assets		150 850	53 465	2 588
Deferred income tax assets	A	70 765	11 286	-
Other receivables	E,F	34	32	66
WORKING ASSETS		1 891 289	2 006 389	737 447
Inventories		13 411	3 827	18 336
Trade receivables	E,F	51 381	1 255 867	71 861
Current income tax receivables		-	-	16 446
Other receivables	E	115 659	48 922	51 379
Deferrals		4 160	3 366	2 754
Other financial assets		220 779	107 125	1 027
Bank deposits (maturity beyond 3 months)	F	73	164 368	464 730
Cash and cash equivalents	F	1 485 826	422 914	110 914
TOTAL ASSETS		2 774 764	2 745 083	1 433 397

* adjusted



	Note	31.03.2021	31.12.2020*	31.03.2020*
EQUITY		2 173 861	2 127 165	1 166 059
Share capital	21**	100 739	100 655	96 120
Supplementary capital		738 411	737 542	744 463
Supplementary capital from sale of shares above nominal value		115 909	113 844	3 861
Other reserve capital		55 818	47 068	58 652
Retained earnings		1 128 056	-	172 826
Net profit (loss) for the reporting period		34 928	1 128 056	90 137
LONG-TERM LIABILITIES		18 894	164 990	22 333
Other financial liabilities	F	14 488	14 917	15 878
Other liabilities		3 113	3 173	3 280
Deferred income tax liabilities	A	-	-	2 924
Deferred revenues		916	910	5
Provisions for employee benefits and similar liabilities		377	377	246
Other provisions		-	145 613	-
SHORT-TERM LIABILITIES		582 009	452 928	245 005
Other financial liabilities	F	7 060	2 053	1 469
Trade liabilities	F	98 297	73 024	16 430
Current income tax liabilities		67 450	1 296	-
Other liabilities		3 076	4 933	2 353
Deferred revenues		35 463	42 286	173 448
Provisions for employee benefits and similar liabilities		3	3	2
Other provisions		370 660	329 333	51 303
TOTAL EQUITY AND LIABILITIES		2 774 764	2 745 083	1 433 397

* adjusted

** Detailed information concerning these items can be found in explanatory notes accompanying the condensed interim consolidated financial statement.

Condensed interim statement of changes in separate equity

	Share capital	Supplementary capital	Supplementary capital from sale of shares above nominal value	Own shares	Other reserve capital	Retained earnings	Net profit (loss) for the reporting period	Total equity
01.01.2021 – 31.03.2021								
Equity as of 01.01.2021	100 655	737 542	113 844	-	47 068	1 132 235	-	2 131 344
Rectification of errors	-	-	-	-	-	(4 179)	-	(4 179)
Adjusted equity	100 655	737 542	113 844	-	47 068	1 128 056	-	2 127 165
Cost of incentive program	-	-	-	-	9 435	-	-	9 435
Payment in own shares	84	869	2 065	-	(869)	-	-	2 149
Total comprehensive income	-	-	-	-	184	-	34 928	35 112
Equity as of 31.03.2021	100 739	738 411	115 909	-	55 818	1 128 056	34 928	2 173 861

The Company rectified erroneous recognition of negative temporary differences corresponding to revenues from eligible intellectual property rights, requiring creation of deferred tax assets subject to 19% tax rate. As a result of this change, the Group's equity decreased by 4 179 thousand PLN.

	Share capital	Supplementary capital	Supplementary capital from sale of shares above nominal value	Own shares	Other reserve capital	Retained earnings	Net profit (loss) for the reporting period	Total equity
01.01.2020 – 31.12.2020*								
Equity as of 01.01.2020	96 120	744 463	3 861	-	54 655	172 826	-	1 071 925
Cost of incentive program	-	-	-	-	14 877	-	-	14 877
Dissolution of reserve capital created in past years and earmarked for purchase of own shares	-	549	-	-	(549)	-	-	-
Creation of reserve capital for purchase of own shares	-	(250 000)	-	-	250 000	-	-	-
Purchase of own shares in the framework of implementing the incentive program	-	214 259	-	(214 259)	(214 259)	-	-	(214 259)
Payment in own shares	4 535	(144 555)	109 983	214 259	(58 098)	-	-	126 124
Allocation of net profit/coverage of losses	-	172 826	-	-	-	(172 826)	-	-
Total comprehensive income	-	-	-	-	442	-	1 128 056	1 128 498
Equity as of 31.12.2020	100 655	737 542	113 844	-	47 068	-	1 128 056	2 127 165

* adjusted

	Share capital	Supplementary capital	Supplementary capital from sale of shares above nominal value	Own shares	Other reserve capital	Retained earnings	Net profit (loss) for the reporting period	Total equity
01.01.2020 – 31.03.2020*								
Equity as of 01.01.2020	96 120	744 463	3 861	-	54 655	172 826	-	1 071 925
Cost of incentive program	-	-	-	-	3 997	-	-	3 997
Total comprehensive income	-	-	-	-	-	-	90 137	90 137
Equity as of 31.03.2020	96 120	744 463	3 861	-	58 652	172 826	90 137	1 166 059

* *adjusted*

The Company has adjusted the presentation of changes resulting from the vesting of its incentive program for the years 2012-2015. As a result, Reserve capital was adjusted downward by 3 861 thousand PLN, while Reserve capital from sale of shares above nominal value was adjusted upward by the same amount.

Condensed interim separate statement of cash flows

	01.01.2021 – 31.03.2021	01.01.2020 – 31.03.2020
OPERATING ACTIVITIES		
Net profit (loss)	34 928	90 137
Total adjustments:	1 100 221	93 755
Depreciation of PP&E, intangibles, development projects and investment properties	3 401	1 231
Depreciation of development projects recognized as cost of products and services sold	21 883	5 806
Profit (loss) from exchange rate differences	(9 046)	(214)
Interest and profit sharing	(1)	(2 466)
Profit (loss) from investment activities	12 203	(12)
Change in provisions	(80 487)	9 643
Change in inventories	(9 584)	(9 851)
Change in receivables	1 137 766	75 551
Change in liabilities excluding credits and loans	22 122	(11 451)
Change in other assets and liabilities	(7 394)	21 128
Other adjustments	9 358	4 390
Cash flows from operating activities	1 135 149	183 892
Income tax on profit (loss) before taxation	4 894	8 415
Withholding tax paid abroad	3	-
Income tax (paid)/reimbursed	1 737	(7 571)
Net cash flows from operating activities	1 141 783	184 736
INVESTMENT ACTIVITIES		
Inflows	198 457	246 899
Sales of PP&E and intangibles	-	12
Repayment of loans granted	919	291
Closing bank deposits (maturity beyond 3 months)	164 368	244 063
Maturation of bonds	33 097	-
Other inflows from investment activities	73	2 533
Outflows	278 998	334 153
Purchases of intangibles and PP&E	6 833	5 006
Expenditures on development projects	29 069	52 212
Purchase of investment properties and activation of future costs	41	1 037
Loans granted	1 540	-
Purchase of bonds and the associated purchase fees	241 442	-
Opening bank deposits (maturity beyond 3 months)	73	275 898
Net cash flows from investment activities	(80 541)	(87 254)

	01.01.2021 – 31.03.2021	01.01.2020 – 31.03.2020
FINANCIAL ACTIVITIES		
Inflows	2 159	-
Net inflows from sale and issue of shares in the exercise of rights assigned under the incentive program	2 149	-
Collection of receivables arising from financial lease agreements	10	-
Outflows	489	754
Payment of liabilities arising from lease agreements	466	682
Interest payments	23	72
Net cash flows from financial activities	1 670	(754)
Total net cash flows	1 062 912	96 728
Balance of changes in cash and cash equivalents	1 062 912	96 728
Cash and cash equivalents at beginning of period	422 914	14 186
Cash and cash equivalents at end of period	1 485 826	110 914

Clarifications regarding the separate statement of cash flows

	01.01.2021 – 31.03.2021	01.01.2020 – 31.03.2020
The “other adjustments” line item comprises:	9 358	4 390
Cost of incentive program	8 668	3 883
Depreciation aggregated with selling costs, consortium settlements and other operating expenses	690	507

Comparability of financial statements and changes in accounting policies

The accounting practices applied in preparing this condensed interim separate financial statement, the Management Board’s professional judgment concerning the Company’s accounting practices as well as the main sources of uncertainty in estimations are in all material aspects consistent with the practices applied in preparing the Separate Financial Statement of CD PROJEKT S.A. for 2020, except for changes in practices and presentation-related adjustments described below. This condensed interim separate financial statement should be read in conjunction with the Company’s separate financial statement for the year ending 31 December 2020.

Changes in accounting policies

Changes in accounting practices applicable to the Company are in all matters analogous to those described in the section titled “Assumption of comparability of financial statements and changes in accounting policies” of the consolidated financial statement for the period between 1 January and 31 March 2021.

Presentation adjustments

This condensed interim separate financial statement for the period between 1 January and 31 March 2021 incorporates certain adjustments in the presentation of financial data. In order to ensure comparability of financial data in the reporting period, the following adjustments were introduced in the presentation of reference data for 31 March 2020 and 31 December 2020:

- In line with the requirements of IAS 1, in the statement of financial position for 31 March 2020 the presentation of supplementary capital from sale of shares above nominal value, created in 2016 following the vesting of the incentive program, was adjusted as follows:
 - Supplementary capital from sale of shares above nominal value – adjusted by 3 861 thousand PLN
 - Supplementary capital – adjusted by (3 861) thousand PLN.

These changes have no effect on the Company's financial result or equity.

- In the statement of financial position for 31 March 2020 and 31 December 2020 the presentation of goodwill was adjusted as follows:
 - Goodwill – adjusted by 49 168 thousand PLN
 - Intangibles – adjusted by (49 168) thousand PLN.

These changes have no effect on the Company's financial result or equity.

- The Company rectified its calculation of deferred tax assets as of 31 December 2020 by reassigning some negative temporary differences from the 19% tax rate category to the 5% tax rate category. This resulted in the following changes:
 - Deferred income tax assets – adjusted by (4 179) thousand PLN
 - Financial result for the current period – adjusted by (4 179) thousand PLN.

This change resulted in a decrease in equity by 4 179 thousand PLN.

Supplementary information concerning the separate financial statement of CD PROJEKT S.A.

Changes in allowances and provisions in the condensed interim separate financial statement of CD PROJEKT S.A. for the period between 1 January and 31 March 2021 are as follows:

- 6 thousand PLN – creation of impairment allowances on past-due and contested receivables,
- 8 040 thousand PLN – creation of provisions for compensation dependent on financial result, and other provisions,
- 1 077 thousand PLN – creation of other provisions,
- 260 thousand PLN – creation of provisions for returns,
- 24 344 thousand PLN – consumption of other provisions,
- 64 289 thousand PLN – consumption of provisions for returns,
- 24 785 thousand PLN – consumption of provisions for compensation dependent on financial result and other compensation,
- 245 thousand PLN – dissolution of other provisions.

A. Deferred income tax

Negative temporary differences requiring recognition of deferred tax assets

	31.12.2020*	Differences affecting deferred tax aggregated with financial result	Differences affecting deferred tax aggregated with other comprehensive income	31.03.2021
Provisions for other employee benefits	380	-	-	380
Provisions for compensation dependent on financial result, and other compensation	190 040	(767)	-	189 273
Tax loss	226 106	-	-	226 106
Negative exchange rate differences	23 810	(14 151)	-	9 659
Difference between balance sheet value and tax value of expenditures on development projects	3 043	252	-	3 295
Compensation and social security payable in future reporting periods	23	14	-	37
Other provisions	220 327	(49 860)	-	170 467
R&D tax relief	309 826	-	-	309 826
Advance payments recognized as taxable income	4 036	(2 343)	-	1 693
Estimation of forward contracts	-	4 980	-	4 980
Other sources	-	110	-	110
Total negative temporary differences	977 591	(61 765)	-	915 826
subject to 5% tax rate	647 098	(67 423)	-	579 675
subject to 19% tax rate	330 493	5 658	-	336 151
Deferred tax assets	95 149	(2 296)	-	92 853

* adjusted

Positive temporary differences requiring creation of deferred tax liabilities

	31.12.2020*	Differences affecting deferred tax aggregated with financial result	Differences affecting deferred tax aggregated with other comprehensive income	31.03.2021
Difference between net balance sheet value and net tax value of PP&E and intangibles	13 216	18	-	13 234
Revenues obtained in the current period but invoiced in future periods	1 201 113	(1 152 826)	-	48 287
Positive exchange rate differences	21 577	(4 481)	-	17 096
Estimation of bonds	610	458	(227)	841
Estimation of forward contracts	6 835	(6 835)	-	-
Difference between balance sheet value and tax value of expenditures on development projects	289 019	(15 433)	-	273 586
Other sources	70	(38)	-	32
Total positive temporary differences	1 532 440	(1 179 137)	(227)	353 076
subject to 5% tax rate	1 480 720	(1 159 314)	-	321 406
subject to 19% tax rate	51 720	(19 823)	(227)	31 670
Deferred tax liabilities	83 863	(61 732)	(43)	22 088

* adjusted

Deferred income tax was estimated in part by applying the standard corporate income tax rate of 19% (applicable to revenues from other sources) and in part by applying the preferential rate of 5% (applicable to eligible IP-related revenues under the IP BOX tax relief regulation). In determining the correct rate to apply to temporary differences, the Company relied on projections regarding the tax base to which each temporary difference is likely to apply.

Net balance of deferred tax assets/liabilities

	31.03.2021	31.12.2020*	31.03.2020
Deferred tax assets	92 853	95 149	5 371
Deferred tax liabilities	22 088	83 863	8 295
Net deferred tax – assets/(liabilities)	70 765	11 286	(2 924)

* adjusted

Income tax reported in profit and loss account

	01.01.2021 – 31.03.2021	01.01.2020 – 31.03.2020
Current income tax, including:	64 418	10 361
withholding tax paid abroad	3	-
Change in deferred income tax	(59 522)	(1 946)
Income tax reported in profit and loss account	4 896	8 415

B. Goodwill

Goodwill acquired in business combinations and takeover of enterprises

	31.03.2021	31.12.2020	31.03.2020
CD Projekt Red sp. z o.o.	39 147	39 147	39 147
Strange New Things (enterprise)	10 021	10 021	10 021
Total	49 168	49 168	49 168

Changes in goodwill

No changes in goodwill occurred between 1 January and 31 March 2021.

C. Business combinations

The Company did not merge with any other entity between 1 January and 31 March 2021.

D. Dividends paid out (or declared) and collected

The Company did not collect or pay out any dividends between 1 January and 31 March 2021.

E. Trade and other receivables

	31.03.2021	31.12.2020	31.03.2020
Gross trade and other receivables	167 938	1 305 679	124 147
Impairment allowances	864	858	841
Trade and other receivables	167 074	1 304 821	123 306
from affiliates	3 882	62 369	11 252
from external entities	163 192	1 242 452	112 054

Changes in impairment allowances on receivables

	Trade receivables	Other receivables
OTHER ENTITIES		
Impairment allowances as of 01.01.2021	126	732
Increases, including:	6	-
creation of allowances on past-due and contested receivables	6	-
Reductions	-	-
Impairment allowances as of 31.03.2021	132	732

Current and overdue trade receivables as of 31.03.2021

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
AFFILIATES							
gross receivables	2 544	2 099	445	-	-	-	-
non-fulfillment ratio		0%	0%	0%	0%	0%	0%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-
impairment allowances as individually assessed	-	-	-	-	-	-	-
total expected credit loss	-	-	-	-	-	-	-
Net receivables	2 544	2 099	445	-	-	-	-

	Total	Not overdue	Days overdue				
			1 – 60	61 – 90	91 – 180	181 – 360	>360
OTHER ENTITIES							
gross receivables	48 969	47 770	1 020	1	-	40	138
non-fulfillment ratio		0%	0%	0%	0%	0%	0%
impairment allowances as determined by non-fulfillment ratio	-	-	-	-	-	-	-
impairment allowances as individually assessed	132	-	-	-	-	-	132
total expected credit loss	132	-	-	-	-	-	132
Net receivables	48 837	47 770	1 020	1	-	40	6

Total							
gross receivables	51 513	49 869	1 465	1	-	40	138
impairment allowances	132	-	-	-	-	-	132
Net receivables	51 381	49 869	1 465	1	-	40	6

Other receivables

	31.03.2021	31.12.2020	31.03.2020*
Other gross receivables, including:	116 425	49 686	52 177
tax returns except corporate income tax	80 478	18 139	23 164
advance payments associated with expenditures on development projects	24 303	24 353	13 869
advance payments for supplies	9 072	3 962	10 194
consortium settlements	1 329	2 073	2 684
deposits	297	296	399
advance payments for PP&E and intangibles	120	38	688
advance payments for investment properties	60	70	407
employee settlements	13	5	31
settlements with management board members	8	7	3
other	13	11	6
Impairment allowances	732	732	732
Other receivables, including:	115 693	48 954	51 445
short-term receivables	115 659	48 922	51 379
long-term receivables	34	32	66

* adjusted

F. Disclosure of financial instruments

Fair value of financial instruments per class

The Management Board of the Company has assessed each class of financial instruments held by the Company and reached the conclusion that their carrying amount does not significantly differ from their corresponding fair value as of 31 March 2021, 31 December 2020 and 31 March 2020 respectively.

	31.03.2021	31.12.2020	31.03.2020
LEVEL 1			
Assets estimated at fair value			
Financial assets estimated at fair value through other comprehensive income	213 219	97 397	-
foreign government bonds – CHF	16 644	32 023	-
foreign government bonds – EUR	25 311	20 829	-
foreign government bonds – USD	171 264	44 545	-
LEVEL 2			
Assets estimated at fair value through financial result			
Derivative instruments:	-	6 449	-
forward currency contracts – CHF	-	1 232	-
forward currency contracts – EUR	-	(387)	-
forward currency contracts – USD	-	5 604	-
Liabilities estimated at fair value through financial result			
Derivative instruments:	4 980	-	-
forward currency contracts – CHF	(1 758)	-	-
forward currency contracts – EUR	624	-	-
forward currency contracts – USD	6 114	-	-

Financial assets estimated at fair value are classified according to a three-tier fair value hierarchy:

Level 1 – quoted prices in active markets for identical assets or liabilities.

Level 2 – fair value estimated on the basis of observable market inputs.

Level 3 – fair value estimated on the basis of unobservable market inputs.

Financial assets – classification and estimation

	31.03.2021	31.12.2020	31.03.2020
Financial assets estimated at amortized cost	1 695 723	1 899 925	647 571
Other long-term receivables	34	32	66
Trade receivables	51 381	1 255 867	71 861
Cash and cash equivalents	1 485 826	422 914	110 914
Bank deposits (maturity beyond 3 months)	73	164 368	464 730
State Treasury bonds	150 554	49 588	-
Loans granted	7 855	7 156	-
Financial assets estimated at fair value through other comprehensive income	213 219	97 397	-
Foreign government bonds	213 219	97 397	-
Financial assets estimated at fair value through financial result	-	6 449	-
Derivative financial instruments	-	6 449	-
Total financial assets	1 908 942	2 003 771	647 571

Financial liabilities – classification and estimation

	31.03.2021	31.12.2020	31.03.2020
Financial liabilities held at amortized cost	114 865	89 994	33 777
Trade liabilities	98 297	73 024	16 430
Other financial liabilities	16 568	16 970	17 347
Financial liabilities held at fair value through financial result	4 980	-	-
Derivative financial instruments	4 980	-	-
Total financial liabilities	119 845	89 994	33 777

G. Transactions with affiliates

	Sales to affiliates		Purchases from affiliates	
	01.01.2021 – 31.03.2021	01.01.2020 – 31.03.2020	01.01.2021 – 31.03.2021	01.01.2020 – 31.03.2020
SUBSIDIARIES				
GOG sp. z o.o.	4 647	3 503	133	79
CD PROJEKT Inc.	117	174	1 482	1 371
CD PROJEKT Co., Ltd.	-	-	939	805
Spokko sp. z o.o.	141	67	-	-
CD PROJEKT RED STORE sp. z o.o.	312	293	74	2
MANAGEMENT BOARD MEMBERS				
Marcin Iwiński	10	2	-	-
Adam Kiciński	1	1	-	-
Piotr Nielubowicz	2	1	-	-
Michał Nowakowski	6	3	-	-
Adam Badowski	-	2	-	-

	Receivables from affiliates			Liabilities due to affiliates		
	31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.12.2020	31.03.2020
SUBSIDIARIES						
GOG sp. z o.o.	2 998	61 660	4 517	336	181	13 778
CD PROJEKT Inc.	1 121	1 834	8 488	542	558	389
CD PROJEKT Co., Ltd.	-	-	-	311	557	289
Spokko sp. z o.o.	6 185	4 601	39	-	-	-
CD PROJEKT RED STORE sp. z o.o.	1 425	1 423	1 820	64	202	-
MANAGEMENT BOARD MEMBERS						
Marcin Iwiński	5	5	1	1	-	-
Piotr Nielubowicz	-	2	-	-	-	-
Michał Nowakowski	3	-	-	1	1	-
Adam Badowski	-	-	2	-	-	-

Statement of the Management Board of the parent entity

With regard to the correctness of the condensed interim consolidated financial statement

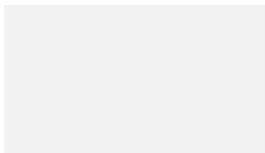
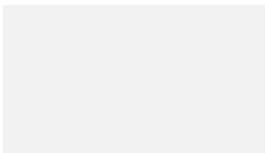
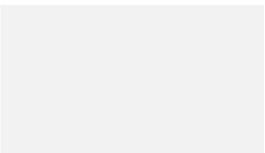
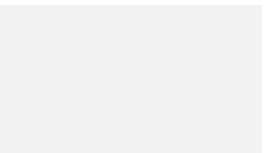
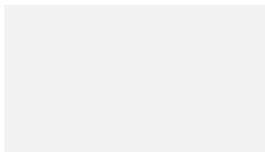
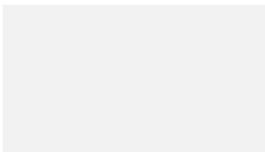
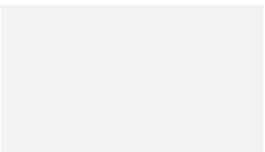
Pursuant to the directive of the Finance Minister of 29 March 2018 regarding the publication of periodic and current reports by issuers of securities and the conditions for regarding as equivalent the information required under the laws of a non-member state, the Management Board of the parent entity hereby states that, to the best of its knowledge, this condensed interim consolidated financial statement and comparative data contained herein have been prepared in accordance with all accounting regulations applicable to the CD PROJEKT Group and that they constitute a true, unbiased and clear description of the finances and assets of the Group as well as its current profit and loss balance.

This condensed interim consolidated financial statement conforms to International Financial Reporting Standards (IFRS) approved by the European Union and in force as of 1 January 2021. Where the above mentioned standards are not applicable the statement conforms to the Accounting Act of 29 September 1994 and to any secondary legislation based on said Act, as well as to the directive of the Finance Minister of 29 March 2018 regarding the publication of periodic and current reports by issuers of securities and the conditions for regarding as equivalent the information required under the laws of a non-member state.

Approval of financial statement

This financial statement covering the period between 1 January and 31 March 2021 was signed and approved for publication by the Management Board of CD PROJEKT S.A. on 31 May 2021.

Warsaw, 31 May 2021

			
Adam Kiciński President of the Board	Marcin Iwiński Vice President of the Board	Piotr Nielubowicz Vice President of the Board	Adam Badowski Board Member
			
Michał Nowakowski Board Member	Piotr Karwowski Board Member	Krystyna Cybulska Chief Accountant	



